



Statement

Secretary of
State for
External Affairs



Déclaration

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STATEMENT BY
THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
AT THE SIGNING CEREMONY OF
THE CHEMICAL WEAPONS CONVENTION

PARIS, France
January 13, 1993

Canada

Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada



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Canada has long held the view that the spread of chemical, biological and nuclear weapons and the means of delivering them represent a serious threat to world peace. Two years ago, Prime Minister Mulroney outlined a comprehensive program to stop this proliferation and urged the mobilization of political will within the international community to secure this goal. With the signature of this Convention, I am pleased that we have made major progress in this direction.

Because of our own history, Canadians have attached a particular priority to the abolition of chemical weapons. In April 1915, Canadian, French and French colonial troops in the Ypres Salient in Belgium were victims of the first gas attack on the Western Front. As the official history of the Canadian army recorded: "The damp cloths over their mouths and nostrils, untreated with any chemical, helped but little against the chlorine, and with eyes blinded and throats burning men collapsed on the floor of the trench in suffocating agony." Many died. Many more survived to spend the rest of their lives suffering physically and mentally from the effects of that traumatic attack and others like it over the next three years of that war.

Almost three-quarters of a century later, their agony is still not fully appreciated.

Although only a few states now admit to having chemical weapons, many others are reported to have the capability of using them. We were all shocked by the pictures of the Iranian and Kurdish victims of Iraqi chemical weapons. As we saw in the Gulf, the fear that chemical weapons might be directed not only against military forces but also against defenceless civilians has been a constant nightmare.

The agreement between the United States and Russia to destroy their arsenals was an important milestone on the way to a world free from chemical weapons. Now we have agreed on a Convention to prohibit their development, production, stockpiling and use and to ensure their destruction. This Convention does more than block proliferation. It is the first agreement ever both to ban a complete category of weapons of mass destruction and to provide for comprehensive verification.

Of course our signatures this week are not enough. We must ensure that the Organization for the Prohibition of Chemical Weapons will have the necessary political commitment as well as the resources to ensure that the verification regime outlined in detail in the Convention can become an effective reality. We must each ratify and implement the Convention within our own countries so that other states will have confidence in our ability to live up to the commitments we are making here today.

We must spare no effort to convince the states not party to this Convention of the importance of signing and ratifying the Convention, so that it will become universal as quickly as possible.

Having signed this Convention, we should ensure that we continue to give priority attention to other weapons of mass destruction. We should, for example, consider strengthening the 1972 Convention on Bacteriological (Biological) and Toxin Weapons by adding appropriate verification provisions, similar to those we have just adopted for chemical weapons.

We all welcomed the signature by Presidents Bush and Yeltsin of the START II treaty, providing for the greatest reduction in destructive power ever mandated by an arms control agreement. We must now work towards agreement on the indefinite extension of the Nuclear Non-Proliferation Treaty in 1995.

When serious negotiations on chemical weapons began a decade ago, after years of discussion, few were confident that the outcome would be an agreement to abolish these weapons forever and to introduce a comprehensive system of verification. We have defied the odds and have much to celebrate as we sign this Convention.

Over the past century, a distressingly large effort and immense resources have been dedicated to producing weapons of mass destruction. With this generation we are at last beginning to develop ways to abolish them. It is our hope that our actions here will accelerate the momentum for peace and stability throughout the world and usher in a new era of co-operation and trust.

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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CHECK AGAINST DELIVERY



NOTES FOR A SPEECH BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
ON BILL-C-91
TO THE SENATE COMMITTEE

OTTAWA, Ontario
January 21, 1993

Let me begin my comments this afternoon by congratulating all of the members of this committee for the thoughtful work you have done on this Bill. You have heard from a great number of witnesses, many of them passionate on one side or the other of the issue; you have worked long hours, and have taken the time to explore in great depth the substantive issues relating to this important legislation.

Your task has not been easy. Much misinformation and conflicting arguments have been presented. What I would like to do today is to go back to basics. Let's look at the fundamental logic behind this legislation and the reasons why it is good public policy for Canada.

The fundamental purpose of Bill C-91 is to restore the incentive for innovation that is provided in all developed nations through intellectual property protection. However, this cannot and is not being done at the expense of consumers.

My colleague, Pierre Vincent, has already described the provisions of Bill C-91 which ensure that prices of patented medicines will remain reasonable for all Canadians.

Since 1987, when Bill C-22 was passed, the international community has moved significantly in the direction of stronger patent protection. Canada, the only developed nation with compulsory licensing of medicines, was becoming more and more isolated on this issue. We were rapidly becoming less attractive for investment in pharmaceuticals than our major trading partners.

In December of 1991, this growing global consensus was reflected in the intellectual property provisions of the draft text that everyone hoped would resolve the deadlock in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). It provided for a regime for intellectual property protection which made compulsory licensing for pharmaceuticals unacceptable. Following on the GATT, the North American Free Trade Agreement (NAFTA), signed by Canada, the U.S. and Mexico on December 17, 1992, contains the same provisions.

Meeting international trade obligations is one important reason for moving forward with this legislation, but there are others. We are doing this at this time because it is in our own best interests -- it is good for Canada and it is good for Canadians.

The pharmaceutical industry is in the process of restructuring globally. It is reorienting its operations to serve global markets more efficiently, and it selects the most competitive business environment it can find for investment in new facilities. The degree of patent protection provided for

innovations is the most critical factor. With our current system of compulsory licensing, we could not hope to attract these investments. Nor, frankly, could we hope to preserve the 22,000 jobs in this sector.

Bill C-91 moves us closer to the international competition. In fact, as you know, the innovative drug companies have already announced over \$650 million in new investments for Canadian locations. This means quality jobs, new plants, more basic research, more clinical work in hospitals and important new partnerships of industry with hospitals, research institutes, universities and private labs across the entire country.

In the past, such partnerships have led to discovery and/or development of at least 32 significant medicines in Canada. These include insulin, a rabies vaccine and the BCG vaccine for tuberculosis. And, contrary to some of the allegations around this table this week, since 1987 alone, 15 new drugs have been discovered here in Canada, including, for example, drugs for the treatment of the HIV virus, asthma and diabetes.

Bill C-91 will provide the necessary climate to allow the Canadian industry to continue to build on this impressive track record, ensuring that some of Canada's key discoveries in the field of medicine are commercialized in Canada, for sale to markets around the world.

This Bill is about seniors. This Bill is about children. This Bill is about developing medicines and treatments that will give all Canadians the quality of life they deserve. You have heard the powerful message of the pediatricians. They understand that creating economic prosperity in the pharmaceutical sector is part and parcel of a strong scientific foundation for the delivery of excellent medical care for our children and all citizens of Canada.

Some opponents of the Bill have expressed concern that this policy and the legislation disallow compulsory licences applied for but not issued before December 21, 1991, as well as those applied for since that date.

I want to set the record straight on this.

There was a public announcement on January 14, 1992 of the government's intention to eliminate compulsory licensing effective December 20, 1991, in line with the Dunkel Report of that date, effectively disallowing compulsory licensing for pharmaceutical products issued after that date. This was clearly indicated to all parties involved in this issue, including the generic manufacturers.

Furthermore, all compulsory licences issued since that date clearly contained written notices that the licences will be revoked once the implementing legislation has passed and becomes law.

There can be no real claim of surprise on the part of the generic manufacturers. The generics have known about this since the day the decision was formally announced on January 14, 1992.

As to claims of the unfairness of the retroactive nature of the legislation, that is, revoking all compulsory licences awarded after December 20, 1991, let us put this question into proper context. In 1991, generic firms applied for 57 licences. In 1992, clearly after the policy had been announced that compulsory licensing would be abolished, the generic firms continued to apply for 291 compulsory licences.

An announcement of a policy, such as our announcement of January 14, 1992, must not give the opportunity for any stakeholder to take advantage of the knowledge of the change in policy to advance his or her position relative to others before its implementation.

A common thread in the concerns of a number of people you have heard from this week is the issue of costs. Some charge that Bill C-91 will be the beginning of the end of our medicare system. Some provinces have voiced concern that the Bill will cause huge additional costs to their drug plans. Allegations have been made that the federal government is passing the buck to provinces. There is a concern that the working poor will bear the brunt. I understand these concerns. I understand the rising pressures on the health care system as a whole. Unfortunately, however, there has been a gross misrepresentation of the facts regarding Bill C-91 and drug costs.

From the beginning, the government has acknowledged that this legislation could result in some cost increases. What we must keep in perspective in the present debate is that this legislation affects patented medicines only. And patented medicines account for just 20 per cent of all drugs consumed in Canada and only 3 per cent of total Canadian health care costs overall.

Any cost increases that might occur will be a result of the average three-year delay of the entry of lower-priced generic products onto the market. This cost increase has nothing whatsoever to do with the price of individual patented medicines. These will continue to be under the close control of the Patented Medicines Prices Review Board.

Our estimates of potential cost were developed on a precise product-by-product basis, using assumptions designed to arrive at a worst-case scenario. Our analysis demonstrates that the total cost under the worst-case scenario will be \$129 million over the first five years of the policy. This is less than \$1 per Canadian per year.

We stand by our estimates. Our results have been consistent from the beginning of this debate. You have heard from Dr. Heinz Redwood, an international expert in the field. He has confirmed that our assumptions are reasonable and, indeed, he predicts that the total cost to Canada may well turn out to be lower than we forecast.

I have every reason to believe Dr. Redwood's predictions. In the case of Bill C-22, there were doom and gloom cost estimates of up to \$1.5 billion over the first five years. But did the provinces, the labour unions or any of the other witnesses before you this week tell you what actually happened? How many of them explained to you the real impact of Bill C-22?

Well, I will tell you, in case they did not. Bill C-22 resulted in a net saving to drug purchasers of Canada of \$424 million over the first five years, 50 per cent of which was savings to the provincial drug plans. Yes, we have indeed passed the buck to the provinces -- over \$200 million in savings.

Critics were wrong about Bill C-22, and they will be proven wrong about Bill C-91. Let's stop the scaremongering. Let's get back to reality. Let's get back to what this Bill is all about. Bill C-91 will:

- stimulate the emergence of a world-class pharmaceutical industry in Canada;
- create an environment that attracts the best and the brightest researchers;
- move Canada into the mainstream of international developments in the pharmaceutical industry, linking Canadian researchers to leading-edge research around the world;
- position Canada among the world's leaders in the discovery of new medicines and new cures;
- protect the interests of consumers; and

- set an environment in which companies can win research and development mandates and export mandates and capture international markets from a Canadian base for the next generation of medicines.

I spoke at the outset about some of the passionate witnesses you had before you this week. Let me quote from one of them, Mrs. Lillian Morgenthau, President of the Canadian Association of Retired Persons:

The bottom line is: give the Board the right powers, keep the prices down, keep the medication going and keep the research in Canada, if at all possible.

I couldn't have said it better myself.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADA EXPO '93 LUNCH

CARACAS, Venezuela
January 25, 1993

Ladies and Gentlemen, Señoras y Señores, it is a great pleasure to be meeting with you here today. The venue is particularly opportune as we prepare to open Canada Expo '93 later today. This exceptional show, right on your doorstep, is Canada's largest trade event ever held in South America.

It offers a good cross-section of some of Canada's best products and services, from oil and gas equipment, computers, packaging and labelling, to plastics, mining and telecommunications equipment. They all demonstrate why Canadian products and services are highly competitive in world markets.

There are 135 Canadian companies present at Canada Expo '93, an unprecedented number, which demonstrates the importance that we Canadians attach to the growing Venezuelan market. The Canadian participants are emphasizing value-added goods and technological services that are competitive with those from any country on the globe. In addition, we are seeking joint ventures, strategic alliances and investment opportunities that will bring mutual benefits to both countries.

Your attendance here today testifies to the fact that both parties are ready to talk business and that we can expect expanded bilateral trade and increased investment. That is a reasonable expectation because Venezuela is Canada's second largest market in South America.

We intend to maintain this strong trading partnership, and I look forward to surpassing our \$2.9 billion milestone in bilateral trade, set in 1981 during a period of high oil prices. Only this time around, our trade is more diversified, which provides for a more stable and mutually beneficial trade relationship.

Today, as never before, the world is one global entity in which national frontiers are becoming permeable to goods, services and, above all, technologies. Canada is responding to that reality on both the political and the economic levels.

Canada, as a country with a long and deep democratic tradition, fully supports the efforts of Latin American countries to strengthen and improve democracy in the region. Canada also knows that Venezuela has a deep-rooted commitment to democracy. Our view is that freer trade will contribute to increased prosperity and that prosperity leads to stability in which democracy can flourish.

Economically, international trade is, and has always been, Canada's bread and butter. Therefore, liberalizing and expanding our markets is a primary concern.

Currently, the most important issue for all trading nations is the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT). I know that Venezuela also strongly supports the Uruguay Round.

But our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade. Indeed, Venezuela has been an important and dynamic leader in the area of regional trade liberalization through its membership in the Andean Pact and its trade initiatives with Caribbean countries and Mexico. Such agreements complement the GATT and share a common goal: freer trade that fosters market efficiencies in the interests of both consumers and producers.

Canada achieved the goal of freer trade on a regional level four years ago, when we concluded the Free Trade Agreement (FTA) with the United States. We improved on the FTA and expanded its area of application last month when our Prime Minister officially signed the North American Free Trade Agreement (NAFTA).

The NAFTA incorporates many things we learned from the original Free Trade Agreement and from the current GATT Round. It also extends our Free Trade Zone to include Mexico.

The NAFTA guarantees that, no matter where a company chooses to build its plants, it has uninhibited access to markets in Canada, the United States and Mexico. The NAFTA encourages investors to make their decisions on economic merit, not artificial barriers.

In Canada, investors find a highly skilled, highly educated work force and a solid infrastructure of public and private services. These factors, coupled with Canada's healthy monetary and fiscal policies, are providing a solid investment climate. This means that foreign investors are continuing to explore the Canadian market for new opportunities.

I want to focus on the link between the NAFTA and what is happening here today. If you look at the evolution of the NAFTA, you will be struck by the fact that Canadian companies began to explore bilateral trade opportunities with Mexico long before the NAFTA negotiations were completed.

The vanguard of 135 companies represented at Canada Expo '93 is evidence that, with Venezuela as well, Canadian business people don't intend to wait for legal instrument to catch up with trade realities.

Canada Expo '93 encourages our business community to take initiatives in several areas, namely:

- increased exports of Canadian goods and services;
- larger Canadian investment in Latin America; and
- the promotion of innovative ventures.

We chose to launch Canada Expo '93 in Venezuela. The decision was determined partly by our historic trading relationship and partly because of the dynamism of your economy, which led all of South America in economic performance in recent years. Your performance is impressive.

I believe that this expansion is a direct result of your government's efforts to open the domestic market and make economic reforms. All countries, including Canada, have found that these are policies that lead to economic renewal.

Canadian exporters contributed to the growth in Venezuela. In the first 10 months of 1992, Canadian exports to Venezuela increased by 6 per cent to reach \$266 million, and are expected to exceed \$300 million when the full figures for the year are in. Among your major imports from Canada were wheat, newsprint, wood pulp, motor vehicles and gas turbines.

We are aware that Venezuela is striving to diversify its economy. Thus, it is especially noteworthy that Canadian exports to Venezuela increasingly reflect your country's efforts to move beyond the oil extraction economy. By the same token, we also welcome your increasing non-oil exports to us, such as tropical fruit. For the period from January to September 1992, our exports of finished products, such as steam and vapour generating boilers, increased by 1,000 per cent, gas turbine parts by close to 30 per cent, iron or steel products by close to 50 per cent and equipment for temperature treatment of material by 300 per cent.

These are products that build industrial muscle, strengthen your economic drive and support the diversification of your economic base. Venezuela's main import sector, equipment and machinery, is valued at US\$3 billion. Canada's 3 to 4 per cent share of that market is already showing signs of improvement. In fact, we have some entrepreneurs and trade people present today who plan to reshape those statistics dramatically in our favour.

Venezuela is improving and privatizing its telecommunications and transportation networks. Canada has been engaged in a similar process. Given the vast size of our country, Canadians have become very good at overcoming time and space by developing telecommunications and transportation technologies. We have much to share with you in these two key technologies, much that other nations cannot equal. In fact, you can see for yourselves Canada's telecommunications expertise on display at the Canadian Pavilion at the Com Expo show here in Caracas in May.

Venezuela plans expansion in its resource-based sectors. In particular, Venezuela's economic locomotive, Petroleos de Venezuela, plans to spend more than US\$40 billion over the next

seven years on an oil and gas expansion program. Traditionally, Canada has prospered through resource extraction. The last 10 years have witnessed a continuing decline in world commodity prices, and our producers have had to learn how to work more efficiently.

In many cases, we are now exporting technology in the form of advanced equipment and processes, and engineering and consulting services, in addition to value-added materials and products.

We live in an information-based age, and, even in overlapping areas of resource extraction, our nations share more opportunities for co-operation than for competition.

These are all sectors where Canadian companies offer a world-class expertise that enriches both the supplier and the customer. That is what has brought us together at Canada Expo '93. Most of our 10 provinces are represented at this show -- from large enterprises like General Motors' Diesel Division, to a city official from Estevan, Saskatchewan, representing local industries. I am sure that most of you are aware of the extensive trade in oil and gas equipment and services between Venezuela and our province of Alberta. Our respective petroleum industries have long co-operated in the research and development of oil and gas processes, principally in relation to the huge quantities of heavy oil found in both countries.

Venezuela is already doing business with all of our provinces, including New Brunswick, with its pilot emulsion plant; Ontario and Quebec, with their industrial, information and telecommunications capabilities; and Prince Edward Island, whose agricultural products, especially potatoes, are considered among the world's best.

I would encourage you and your colleagues to tour Expo '93 to look at some of the products that will help you achieve your business objectives. As a matter of fact, later this afternoon, I will have the pleasure of witnessing the signing of some joint ventures between Canadian and Venezuelan companies.

I refer, in particular, to a joint venture agreement between NOWSCO of Calgary and Vectra of Caracas for technology transfer in oil and gas pipeline surveys. Babcock and Wilcox, of Cambridge, Ontario, will also be signing a \$20-million contract with SMURFIT for a chemical recovery boiler, which is part of a pulp and paper plant near Valencia.

Total Canadian direct and portfolio investment in Venezuela, at this time, is estimated at \$400 million. The increased openness and prosperity of your nation make it an attractive place in which to invest. Those investments will be better protected

after our countries finish negotiating a Foreign Investment Protection Agreement and a Double Taxation Agreement.

There is another dimension of your plans that makes Venezuela particularly attractive to Canadian investors. The agriculture, tourism, health and environment sectors of your economy have ambitious expansion plans. Canadians are knowledgeable about these sectors, and knowledge brings a feeling of security when one is committing capital to projects in a foreign land.

The Government of Canada has backed Canadian entrepreneurs by providing funding to start co-operative projects or joint ventures in Venezuela.

Since 1987, the Business Partnership Branch of the Canadian International Development Agency has committed \$8.8 million for 14 projects in Venezuela in environmental services, the petroleum sector and agro industries. I am happy to note that this program has been extended for another year.

As you can see, Canada's trade and investment links with Venezuela are on the rise. Still, many more possibilities exist. For example, in June of this year, the City of Toronto will host the 31st World Congress of the International Union of Local Authorities. This Congress will be attended by 1,500 delegates representing municipal governments in over 80 countries. Toronto and other Canadian cities are recognized for their considerable expertise and technology in municipal problem-solving.

For instance, Canadian companies have designed computerized systems to locate buried utilities and track information about them. All that know-how is available to cities, such as Caracas, through negotiation and commercial contracts.

Canadian companies providing expertise on environmental protection currently hold contracts valued at \$200 million from your environment ministry for irrigation, water and sewage treatment, and forest management projects. Most of these projects are rural in character. Imagine the market for environmental technology in this dynamic city of 3.3 million people? It is entirely possible that Canadian solutions can be adapted to deal with Caracas's particular situation. This is the kind of co-operation that comes from partnership.

Look at what our free trade partnership is doing for Canada and the United States. Since 1989, our trade with the United States has increased steadily despite the slowdown in the world economy. During the first 10 months of 1992, our exports to the United States were up by 11.2 per cent over the same period in 1991.

At the same time, our imports from the United States also increased by 9.3 per cent. So we sold more to each other and we

bought more from each other. In other words, each country profited from the privileged relationship that we share. It is worth noting that the greatest increase in sales on both sides of the border came from manufactured products, those that generate skilled employment. That is what liberalized trade is all about.

Is this going to work for the NAFTA? Our industries seem to think so. Our exports to Mexico increased by nearly 90 per cent in the first 10 months of 1992, compared with the year before. The number of calls and visits to the commercial section of our Embassy in Mexico City more than doubled last year compared with 1991. In other words, the NAFTA is already having an impact a full year before it is even due to come into effect.

History has made Venezuela and Canada close friends and allies. Canada wants to build on our relationship and make it even stronger. This is the principal reason for our being here at Canada Expo '93. It is our way of saying that we want to foster closer trade ties so that Venezuela will figure even more prominently as one of Canada's greatest export markets in South America. Together, our two countries can become more competitive and can pursue other markets in the region and throughout the world. I know that this exceptional showcase will open the door to renewed trade and co-operation between Venezuela and Canada.

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Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO A LUNCHEON IN MONTERREY, MEXICO

MONTERREY, Mexico
January 26, 1993

Ladies and Gentlemen, Señoras y Señores, I am proud to be back in Monterrey in the state of Nuevo Leon. This is my first visit to Mexico since negotiations on the North American Free Trade Agreement (NAFTA) were concluded on August 12. One year ago I had the pleasure to be here with Secretary Serra Puche, Governor Rizzo and more than 200 Canadian companies to open the successful Canada Expo '92 trade fair.

I am happy to reassure Mexico of Canada's continuing commitment to the NAFTA. We will shortly be introducing the necessary implementation bill in Parliament, with the intention of having the law in place before summer. We will fulfil our end of the bargain to establish the new North American free trade area. We will put the NAFTA into effect on the agreed date of January 1, 1994.

NAFTA is a step toward a new era in Canada-Mexico relations. The future abounds with challenges and opportunities. I am looking forward to the Canada-Mexico Joint Ministerial Committee meeting in Ottawa next month to explore more fully our mutual interests and concerns.

I am pleased to see that Canadian business is not waiting for the NAFTA to be in place to explore new opportunities. In 1992, Canadians participated in 16 trade fairs and in more than 70 trade missions to Mexico. Many of our entrepreneurs and exporters had never considered the Mexican market before. But that is changing rapidly.

Canada Expo '92 in Monterrey last January was Canada's largest and most successful trade show ever held in Latin America. More than 200 Canadian exhibitors made contact with potential Mexican clients and business partners. They attracted some \$70 million in prospective business. Ten Canadian firms identified potential joint ventures worth an estimated \$20 million.

The trade show was designed to expand business-to-business links with entrepreneurs in the state of Nuevo Leon. It did just that. Canada Expo '92 put Monterrey and Mexico's industrial north on the map for many exporters of Canadian products, technologies and services.

They became more aware of the tremendous potential for building new business partnerships. They were impressed by the enterprise and initiative that has flourished under Mexico's economic liberalization.

Today, I am here to open a satellite trade office in Monterrey. This new office will promote Canadian business interests in Mexico and further expand the growing trade and investment links between our two countries.

Already there are a number of success stories emerging from closer business ties between Canada and Mexico. Canadian

exporters are aggressively positioning themselves to take advantage of the growing Mexican market and to increase their presence in Mexico.

The number of Canadian exporters contacting our embassy in Mexico City for business information surpassed 4,500 in 1992, more than double the number of the previous year.

This increased Canadian business interest has, indeed, led to results. Canadian exports to Mexico grew strongly, to more than \$600 million in the first 10 months of 1992 compared with \$525 million in all of 1991. Leading the increase were sales of agricultural, mineral and industrial commodities; automotive engines and parts; and telecommunications equipment.

This is not just a one-way street. Mexican imports to Canada are growing, too. For the first 10 months of last year, Mexican trade with Canada was worth about \$2.3 billion. Two-way trade with Mexico is expected to increase to more than \$5 billion by the end of the decade. Indeed, it could come before then.

This positive trend can grow only with the elimination of trade barriers through a successful North American Free Trade Agreement. The NAFTA increases our access to Mexico, improves on the Free Trade Agreement with the U.S. and continues to encourage Canadian firms to adopt global business strategies.

By taking full advantage of these opportunities, Canada can remain one of the most prosperous societies on earth. And more Mexicans will begin to enjoy better standards of living as your economy grows rapidly.

North America will become an integrated market for goods, services and capital. The risks of open competition are offset by the new opportunities and by more secure and predictable rules of trade and market access.

Larger markets pave the way for producers to realize significant economies of scale and become more competitive. This, in turn, attracts investment and stimulates the development and application of new technology. The North American Free Trade Agreement encourages investors to make their decisions on economic merit, not on artificial trade barriers and tariffs.

New markets, economies of scale and a vigorous investment climate -- these were some of our objectives when we entered the NAFTA negotiations.

With the establishment of this integrated North American market, business will have the confidence that it can invest anywhere in the region to reach all of its markets. In Canada, investors find a highly skilled, highly educated work force and a solid

infrastructure of public and private services. These factors, coupled with Canada's healthy monetary and fiscal policies, are providing a solid investment climate. This means that foreign investors are continuing to explore the Canadian market for new opportunities.

The NAFTA means that Canadian investors themselves will be able to consider more options. Canadian direct investment in Mexico has continued to grow and now totals more than \$500 million. New investment in the form of joint ventures will help your country develop, while providing Canadian firms with new markets for their goods and services.

Canadian entrepreneurs are particularly well positioned in the following areas: energy-related services; telecommunications; financial services; mining; agro-industry and food; tourism development; consulting engineering, including environmental products and services; and computer software.

As continental neighbours, we share many ties. Perhaps none is more important than our mutual environment, the air we breathe, the water we drink and the land on which we grow our food. The NAFTA contains more provisions to protect the environment than any previous trade agreement. This is no small feat. All three countries have confirmed their commitment to sustainable development and have agreed to implement the agreement in a manner consistent with environmental protection and conservation.

It is up to the three governments to follow through on their joint commitment. Canada and Mexico are doing just that, through the Canada-Mexico Agreement on Environmental Co-operation signed in 1990.

Last March, Canada announced projects worth \$1 million designed to explore ways that we can improve environmental monitoring and enforcement practices. Initiatives include a Canadian mobile laboratory to assist Mexican inspectors in monitoring industrial waste. Another project is helping Mexico preserve the habitat of the Monarch butterfly, a creature that migrates the full length of the NAFTA territory during its life.

As our joint efforts show, we are on the right track in sharing our experience and expertise. I am pleased also to note the Canada-Mexico co-operation emerging on other environmental fronts. As a result of an invitation from the Mexican Water Authority, Canada has agreed to conduct training seminars on municipal waste water treatment.

The training seminars also provide an excellent opportunity to develop business partnerships between our two countries. By marrying need with expertise, the economies of each country are enhanced and, not incidentally, the environment is the winner.

Trilaterally, we are making good progress in creating a North American Commission on the Environment. This promises to be an important vehicle for dealing with environmental concerns at the ministerial level and for pursuing common goals.

Mexico has been demonstrating strong leadership in its efforts to protect the environment. We are pleased that you have discovered that Canadians are specialists in providing environmental services and products to aid in your efforts.

The work of several companies in Mexico is worth noting. Tecsuit International Limited of Montreal, Quebec, has had a relationship with Monterrey for the past 24 years. The firm completed its third update of the city's urban plan in 1991. It integrates engineering, architecture and urban planning at all levels, from the expansion of the city's public transportation system to the supply of drinking water.

Another Canadian company active in Mexico -- Goodfellow Consultants Inc. of Mississauga, Ontario -- is here today. Since 1986, the company has worked on nine projects involving environmental and occupational health in Mexico City, Veracruz, Puebla and Monterrey.

Reid Crowther of Vancouver, British Columbia, is no stranger to your growing city. The company was closely involved in the design and construction of Metrorrey, which I also visited today. They are also working with Mexico's state railways to reduce toxic waste in the cleansing of its locomotives.

You will have a further opportunity to view our environmental products at Pro-Eco '93, where we expect to have 25 exhibitors on hand. Pro-Eco is the third environmental conference and trade show to be hosted here in Monterrey.

Environmental standards worldwide are expected to become even more stringent in the future. Companies that become more innovative now will enjoy a competitive advantage in the global marketplace.

These goals have never been mutually exclusive. Now we realize that they are mutually dependent. I can say with confidence that Canadian companies in many other sectors can provide the services, as well as the knowledge-based products, that Mexico needs to build an infrastructure for the 21st century.

The NAFTA provisions on services will provide much of the momentum for closer co-operation through joint ventures and technology transfers. There are also provisions to open the Mexican market for sales of value-added telecommunications services, as well as specialty air services. The NAFTA also means substantial market opportunities and better access to

government procurement for service providers across North America.

Yet, even before the agreement comes into effect, Mexico has recognized the world-class abilities that Canada offers in telecommunications, information technologies, financial services and energy services, to name a few.

You recognized that capacity when a leading Mexican computer systems management company created a joint venture with SHL Systemhouse Incorporated of Ottawa last summer. Their joint venture has won a \$500-million contract to build and manage information systems for your finance ministry.

Another success story: in August, SNC Lavalin International Incorporated of Montreal was awarded a \$20-million contract to modernize Mexico's surveying and mapping information system. The new system will involve a unique, integrated, digital mapping system developed by Energy, Mines and Resources Canada.

Other sectors, such as the Canadian trucking industry, are just as keen to establish partnerships with Mexican carriers in anticipation of the increased trade that the NAFTA will bring.

Joint efforts, such as those I have outlined today in the environmental and services sectors, are bringing Mexico and Canada closer than ever before. By working, investing and trading together, we can help secure a sound and prosperous environment across North America for our children. We can also create a more level playing field for business and investment. Free and fair trade means playing by the same rules. That is what a partnership is all about.

With the NAFTA, Canada, the United States and Mexico are forming a new partnership. It is a partnership for trade. It is a partnership for economic development. It is a partnership for progress. It is a partnership that can contribute to a new era of economic prosperity, not just in our three countries, but potentially throughout the Americas.

We are privileged today to have the tremendous opportunity to forge this new partnership. It has taken courage and imagination to create it. We must be determined to make it work.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/05

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO THE UNIVERSITY OF OTTAWA
ECONOMICS STUDENTS ASSOCIATION, AND THE
INTERNATIONAL ASSOCIATION OF STUDENTS IN
ECONOMICS AND COMMERCE

OTTAWA, Ontario
February 4, 1993

I'm always glad to speak to university students, and in particular to students of economics, trade and commerce. About a third of a century ago I was one of you, studying commerce at the University of Toronto. So I think I know where you are coming from.

You have learned the elements of what makes or breaks an enterprise. You know the factors of production; what constitutes good management; the need for innovation and risk-taking; the value of careful preparation, execution and follow-through. And you know, too, that the success or failure of a business also depends to a greater or lesser extent on the kind of economic environment that governments create. While times change, those basic elements don't.

By far the biggest difference between business today and business as it was in 1959, when I graduated, is the phenomenon of globalization. It has created both vast opportunities and tough challenges.

It has forced every government and every business in the world to address the question of how to fully participate in today's international, interdependent economy -- how to get ahead of the wave of trade and investment that is sweeping over the earth.

Today I want to discuss how the federal government, over the past eight years, has tried to create an economic environment that will help this country respond to the global trade and investment challenge.

Of course, there are those who feel we don't need to respond to that challenge. They argue that by exposing ourselves to the winds of global competition we are really playing into the hands of nefarious "multinationals." They would like to leave Canada as it was, in some idealized past.

It is a debate that I relish because the facts and figures speak for themselves. For example, it is a fact that when I finished university in 1959, Canada's per-capita gross domestic product (GDP) was a little over \$8,000 per year. Today the figure, adjusted for inflation, is roughly two and a half times greater -- over \$20,000 a year.

Over that same period, a little over three decades, Canada's exports and imports as a percentage of our GDP, again adjusted for inflation, also rose by about two and a half times.

Also over those three decades, the composition of our exports changed. From 1960 to 1990, manufactured exports grew from under 10 per cent to more than 40 per cent of total exports.

In other words, the more we have traded, and the higher the value of the products we have had to offer, the wealthier we have

become as a nation. It is a wealth that has allowed us to develop one of the world's highest standards of living.

Indeed, according to the United Nations, Canada is number one in the world in terms of economic, social and environmental conditions.

In Canada, our dependence on trade -- which now generates one job in three and more than one quarter of our GDP -- has prompted us continually to get to access to markets and fair rules of trade. It was that imperative that made us a leader in the creation of the General Agreement on Tariffs and Trade (GATT) and the series of multilateral trade negotiations that has taken place since 1947.

Over those 45 years, the GATT has succeeded in cutting world tariffs from an average of around 40 per cent to about five per cent today. And in turn, that has helped spur a 12-fold increase in the volume of world trade in goods. Merchandise trade worldwide now amounts to about \$3.5 trillion, and services trade is worth more than \$850 million a year.

The power of trade -- exports and imports -- has affected virtually every aspect of our lives, here in Canada and around the world. As Arthur Dunkel, Director General of the GATT, recently wrote:

Economic reform, development, enterprise, job creation, investment, control of inflation, consumer choice, a better environment, innovation -- these are today's watchwords. And they have one thing in common: to a greater or lesser extent, all are dependent on international trade. It is as true in the most economically powerful countries as it is in the least developed countries.

So trade, which must always be viewed as a two-way street, is central to our standard of living and the quality of life.

How can governments facilitate the flow of trade? One of the most obvious ways is by negotiating trade agreements. By improving access to markets and developing rules to govern that trade, we open doors for competitive products, services and investments.

The federal government's approach to trade agreements has always been two-pronged. We've sought maximum possible access to world markets through the GATT. And we've done the same thing on a regional basis through the Canada-U.S. Free Trade Agreement (FTA), and now through the North American Free Trade Agreement (NAFTA).

Of course, some critics have argued that the FTA, and now the proposed NAFTA, mean that we are turning our back on the GATT and the multilateral trading system.

This simply is not the case. And, in fact, the best rebuttal of that charge was offered by the Director General of the GATT, himself. In a speech in Rio de Janeiro last August, he said:

Multilateralism and regionalism can co-exist; better, they actually reinforce one another.... The founders of GATT never thought to place global and regional approaches to trade liberalization in opposition but considered them to be two sides of the same coin.

On the multilateral side, we, of course, are disappointed that the Uruguay Round of negotiations has drawn on for so long. We won't meet the March 1 deadline that we had been aiming for. However, I am certain that all the parties involved in the negotiations are acutely aware of the positive impact on the world economy that a successful conclusion of the Round will have. We need that impetus now, and we need it for the future.

At the same time, I believe we in Canada should be glad that we have preferred access to our by-far-biggest market, the United States, and coupled with that access, a dispute-settlement process that has well and truly proven its value.

Less than halfway through its implementation period, the FTA has already increased Canada's trade potential, created a positive climate for our exporters and established enormous opportunities for foreign investors in Canada.

When world economic growth slowed to only one per cent in 1992 -- the lowest rate since 1982 -- Canada's third quarter 1992 exports were up by more than six per cent from a year earlier.

Obviously, the FTA had a big role to play in that success.

On January 15, we got the preliminary trade figures for November 1, 1992 and they show that our winning trend is continuing. Here are the facts:

Merchandise exports to the U.S. continued to drive the growth in total exports. Exports to the U.S. increased by \$65 million in November to \$10 billion, a record level of exports to Canada's largest trading partner.

Exports to the U.S. for the first 11 months of 1992 increased by 11.9 per cent to \$110.3 billion, while imports grew by 10 per cent to \$94.9 billion. The cumulative 11-month trade surplus with the U.S. was \$15.4 billion, which was \$3 billion or 24.1 per cent above 1991 levels.

With those November numbers now in, we know that in 8 of the first 11 months of 1992, our exports to the U.S. hit new monthly records. We are not talking about a one-shot surge, but a winning trend.

The advantage that the FTA gave us compared to other countries exporting to the U.S. is also a matter of fact. While Canadian exports to the U.S. grew by nearly 30 per cent, cumulatively, since the FTA was signed, Japan's exports to the U.S. grew by only 13 per cent; Germany's by 7.3 per cent, and the U.K.'s by 16.4 per cent.

According to Statistics Canada, 16 of 22 Canadian manufacturing industries have gained market share in the U.S., while 18 of 22 U.S. manufacturing industries have lost market share in Canada.

Our high technology exports to the U.S. grew by 63 per cent between 1988 and 1991, while our high-tech imports from the U.S. increased by only 12 per cent.

Figures such as those should prove that the FTA has helped us export to the U.S. and that we can compete there -- and win!

Blaming the FTA for "every sparrow that falls" has become a cottage industry for some people in this country, but the arguments don't stand up. Listen to what the C.D. Howe Institute concluded in its October 1992 study:

It seems clear that the recession has not been due to factors directly related to the FTA. Indeed, the facts so far are more consistent with the optimistic scenario of free trade supporters than with the views of detractors.... Free trade with the U.S. has helped the development of the higher value-added industries that are crucial to Canada's economic growth.... In particular, many of Canada's manufacturing sectors seem to have performed remarkably well in the U.S. market under the FTA.

But the critics' arguments go beyond economics and into dark regions of conspiracy and loss of sovereignty.

In light of the recent 11 per cent drop in the value of the Canadian dollar, I ask you, what happened to the critics' claims that a "secret protocol" existed to prop it up?

In light of U.S. calls to adopt Canadian-style medicare, what of the critics' claims that the FTA would lead to it being dismantled?

Where are the large-scale water exports that the critics predicted? And how is it that Canadian cultural industries are thriving, when the FTA was supposed to be our cultural nemesis?

Clearly, the critics were wrong, both in their economic fears and their cultural fears.

The fact is, the FTA has made Canada stronger -- more able to compete and prosper and more able to hang on to the social safety nets that we all consider to be one of the finest aspects of Canadian life.

In the past few weeks, two U.S. trade actions have prompted a reprise of the critics' chorus of complaints against the FTA.

Now trade disputes are never pleasant, but at least with the FTA we have a mechanism for resolving them expeditiously and fairly.

Instead of having to rely completely on the politically vulnerable, unilateral process of pre-FTA, we will have a rule-based bilateral system that offers some predictability and stability.

Our critics and we complained quite rightly about last week's extraordinary challenge on live swine; our critics, however, conveniently forget to mention the millions of dollars that were returned to Canadian pork producers when a similar dispute was resolved in our favour under the FTA two years ago. Nor should we forget that, as costly and annoying as these disputes can be, over 95 per cent of our trade with the United States is carried on dispute-free.

The dispute resolution process has indeed served Canada well, and it is a process that will be maintained and strengthened under the proposed NAFTA.

More broadly, under NAFTA we will:

- gain better access to the Mexican market of 85 million people;
- preserve and improve the original Free Trade Agreement with the United States; and
- ensure that Canada remains an attractive location for investment in North America.

When the NAFTA goes into effect on January 1, 1994, we will be part of the largest and richest free trade area in the world: 360 million people with a combined wealth of \$7 trillion.

Let me expand on some of the key elements that make the NAFTA a good deal for Canada:

- Most of Mexico's tariffs and non-tariff barriers will be eliminated within 10 years. Not bad, when you remember the Mexico of 10 years ago; it had one of the most restrictive

trade regimes in the world. Their high tariffs, import licences and auto decrees blocked most Canadian exports to Mexico, while 80 per cent of Mexico's exports had duty-free access to Canada. The NAFTA will balance the scales.

- A set of clearer and more predictable rules of origin has been established. Among other things, this will help avoid the kinds of disputes we have had with the U.S. over Hondas.
- We got expanded access to the U.S. markets for textiles and apparel that don't meet the rules of origin. Among other things, this will allow for substantial increases in exports of Canadian wool suits and other wool apparel.
- With the exception of bilateral air services and basic telecommunications, all services are covered in the agreement. The services elements of the package will allow easier movement for business service personnel among the three NAFTA countries for marketing, technical support, and after-sales services.
- New provisions are in the agreement that cover the environment. Given the growing interest in environmental matters around the world, these NAFTA provisions are both innovative and might well serve as building blocks for future trade agreements.
- A large, government procurement package covering not only goods, but services -- including construction services -- has been agreed to.
- There is a stronger dispute-settlement system. Canadian companies as well as foreign investors will be reassured that their interests will be effectively defended in a strong, predictable and enforceable dispute-settlement system.
- Canada will continue to maintain its high standards for health, safety and the environment. The agreement also establishes rules to prohibit standards, regulations and procedures that are unnecessary obstacles to trade.
- At the same time, we maintained our protection for cultural industries, social services and health services, and marketing boards are not affected by the agreement at all.
- Finally, there is an accession clause providing for other countries or groups of countries to join the NAFTA. In this way, the NAFTA creates an important precedent for trade and economic co-operation between industrialized countries and developing countries. It is therefore not only good trade policy, it is also good foreign and development policy. It

answers the long-standing request from developing countries for "trade not aid."

What I am presenting here are facts -- you can read them in the agreement. And they add up to real benefits for Canada. But for many Canadians, the only fact that seems to matter is the difference in wages. In fact, average hourly wages for manufacturing workers in Canada are around seven and a half times the amount made by factory workers in Mexico. So the fear sets in that we can't compete.

As students of economics and commerce, I am sure you understand why that argument is simplistic and misleading in the extreme. The fact is that wages only constitute one of the factors in determining competitiveness. On average, they account for less than one fifth of manufacturing costs. If it was just a question of wages, why wouldn't every company set up shop in Haiti? Or, to be a little less stark, why haven't all the factories in Europe moved to Greece or Portugal?

A better indicator of competitiveness than wages is productivity. According to a Department of Finance study, a Canadian worker's productivity is about six and a half times higher than a Mexican worker's.

Look, also, at the cost of capital. Again the Finance Department study points out that the cost of investment capital here is about half of what it costs in Mexico. And once those investment dollars are put to work in new plant or equipment, they could produce returns 10 per cent higher than the same dollars invested in Mexico.

Quality of life is also an important competitive factor. The best workers are attracted to environments where they can live healthy, interesting lives. They want places where their children can attend good schools, which in turn will produce capable workers with diverse skills. And more than anything else in today's modern business environment, it is the knowledge and skills of people that most determine an economy's competitiveness.

The NAFTA, by expanding the scope of opportunity for Mexicans, will help raise their standard of living, their environment and their competitiveness. And it will do the same for us -- providing we have the self-confidence to meet the challenges that it presents.

Trade agreements like the NAFTA and GATT only provide a framework. They do not create trade in and of themselves. It is up to Canadians to take the initiative and seek out ways to make new sales of goods and services and make new investments.

What this means, in short, for Canada is that while trade-liberalizing policies ensure that Canadians have the means to become part of the global economy, it is up to individuals to go through the doors that these agreements open. Our traditional markets are no longer a sure thing.

The competition is no longer the company across the street or across town. The competition could be any single company around the world. If you are not competitive, you stand to lose your traditional customers to a competitor in Germany or Mexico.

All this is to say that businesspeople, and indeed all Canadians, must work within the new realities of the global marketplace -- an outward-looking culture that transcends national boundaries. We must begin to understand how the world has changed and use those changes to our advantage.

Keeping Canada in the vanguard of international competitiveness will require partnerships. These will include every segment of our society, including better and more linkages between the business community and universities. None is more valuable to Canada's future than this pairing of the world of ideas and the world of making ideas a reality. Partnership and co-operation between our universities and businesses can help businesses compete and prosper.

Whether you are students setting out on a career in business and commerce or whether you are an established businessperson, many of you here today will be among those who make trade liberalization work for Canada and all Canadians.

Thank you.

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/6

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY

THE HONOURABLE BARBARA McDougall,

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

TO THE DIPLOMATIC ACADEMY OF THE

RUSSIAN FOREIGN MINISTRY

"CANADA AND RUSSIA -- MANAGING CHANGE"

MOSCOW, Russia
February 4, 1993

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Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

I am pleased to be addressing such a distinguished audience at the Diplomatic Academy of the Russian Foreign Ministry. It is a particular honour because many of you have literally changed the world, and we have much to learn from each other.

Never before has so much depended on our ability to learn new ways to manage these turbulent times.

My good friend, Andrei Kozyrev, exemplifies the need for courage in this new diplomacy -- and believe me, it is a new diplomacy. And all of us need the courage to ensure that the new diplomacy leads to new stability.

We need to be reminded that freedom, democracy and prosperity based on the free market are not easily won; that there are those who fear change. We also need to remember that the world is passing to a new generation. Vaclav Havel, Aung San Suu Kyi, and our own Prime Minister Brian Mulroney have made significant changes to the world -- and no one more than your president Boris Yeltsin.

The images shaping their world are compelling: Yeltsin standing tall on that tank, people dancing on the Berlin Wall, and, sadly, the victims of war in the former Yugoslavia, Karabakh, Tajikistan.

We must work together to comprehend and deal with the contradictory and sometimes brutal reality behind these images.

Russia is a great power with a glorious past, a challenging present and, without doubt, a prosperous future. Historically, Russia has been pivotal in defeating the Nazis, in the United Nations Security Council, as a nuclear superpower. Now, history calls on you to play a new role, not as an adversary but as a friend and partner.

The September 1990 Gorbachev-Bush Summit made history by creating a consensus on co-operation. It enabled the U.S.S.R., and now Russia, to get on with a social and economic transformation.

The complexity of such changes is enormously daunting. Already, people are saying that the costs are too high to bear. But our wish for Russia is that you remain outward-looking and engaged, and confident that there are others who are willing to share your difficult task with you.

Canada is a willing partner in the new structure of constructive multilateralism. It is the only way to deal with current international risks and unpredictabilities.

We have much in common between our two countries:

- We share the bleakness and majesty of northern landscapes; the disappearance of the sun in winter; the long, hot luxuriant days of summer; and the rich resources and harvests that bless our natural environment. We share, as well, the ethnic, linguistic and cultural diversity that enriches our lives but complicates our capacity to achieve common solutions.
- We are both retooling for the next century in a fast-moving and increasingly competitive international environment, recognizing the need to focus on bilateral and global trading relationships.
- We have compatible resource sectors where our know-how can help Russia earn hard currency now, especially in agriculture, minerals, forestry products and oil and gas.
- We have high technology expertise and experience in bridging distances and bringing people together, through state-of-the-art telecommunications, computers and transportation.

In short, we have much to offer Russia in the way of becoming an efficient economy that is able to deliver domestically, as well as to compete in the global marketplace.

But this is not one-way. Russia, for its part, has much to offer Canada -- and the world -- in return. As a permanent member of the Security Council, which Canada and most other countries are not, you have political influence that affects us all. Your leadership on such issues as ending the unspeakable tragedies in the former Yugoslavia will be critical in the coming days. Your scientists and artists, among the best in the world, can share their skills with others.

Canada has always adopted a global perspective. We have traditionally recognized that multilateralism, consensus-building and an effective UN serve the world better than the bipolar rivalry between the United States and the former Soviet Union (FSU). Today, our traditional view has found more favour -- in the Group of Seven leading industrial countries (G-7), at the UN and elsewhere. And there is certainly a full agenda that requires urgent attention.

Just think of the global challenges we all face.

- controlling the threat of proliferation of weapons of mass destruction;
- strengthening the international capacity for peacekeeping and peacemaking;
- ensuring respect for human rights and fundamental values;
- supporting the economic aspirations of millions of the world's poorest people;
- managing mass movements of people uprooted by ethnic conflict and economic dislocation;
- creating modern economies capable of competing in the international marketplace; and
- coping with the consequences of nuclear and other environmental disasters.

Fundamental to all of these challenges is the need to create a global environment of peace and stability.

We need to continue the remarkable progress in reducing the stockpiles of nuclear weapons. Nothing is more urgent than preventing their proliferation.

Security co-operation must be strengthened regionally to reduce the underlying causes of tension, particularly in global hot spots such as the Middle East, the Indian sub-continent and now the southern periphery of the former Soviet Union.

With the U.S., you showed the way with START I and START II. We advocate that the current nuclear testing moratorium be extended and soon replaced by a comprehensive test ban.

The nuclear weapons states should go beyond "build-down" to provide non-nuclear weapons states with security guarantees beyond those implicit in the Non-proliferation Treaty (NPT).

Agreements are fine, but we must address what happens in the meantime. The reduction of superpower weapons stockpiles is vital not only for non-proliferation, but for the sake of safety. Reduced levels of readiness could help prevent accidents.

We know the tremendous costs that this means for you. Canada would be prepared to join an international program to assist the countries of the FSU in destroying their nuclear weapons.

The recent Minsk Summit showed once again that Russia, as the accepted nuclear weapons state, has the major responsibility in ensuring the secure command and control of those weapons within the FSU.

This is not to say that Ukraine, Kazakhstan and Belarus are off the hook. We have stressed that they must abide by their commitments to ratify START I and adhere to the NPT as non-nuclear weapons states.

Russia can ease the process by responding to the legitimate security concerns of its neighbours. Confidence-building is a co-operative effort, requiring a sustained commitment by all four nuclear successor states.

The NPT must be strengthened and extended indefinitely at the 1995 Review Conference. We call upon India, Pakistan, Israel and other threshold countries to mark the occasion by becoming parties to the NPT.

The International Atomic Energy Agency must be given the mandate and the resources to stop nuclear cheating. Iraq is a powerful argument in favour of surprise inspections -- anytime, anywhere.

Prime Minister Mulroney has made it clear that as part of an effective international program, Canada would be prepared to terminate economic co-operation programs, including aid and tariff preferences, with any country that undermines the NPT through action or inaction.

The key is effective internationalism. It is in the interest of all our countries to act together -- and strongly -- to eliminate the nuclear threat.

Controls must also be tightened on the export of sensitive technologies. We are concerned about the transfer of nuclear and missile technology and equipment to states whose commitment to non-proliferation is ambiguous.

We must work toward alternative scenarios where prosperity can be achieved without such transactions. Russia has undertaken to follow the guidelines of the Missile Technology Control Regime, and belongs in the Nuclear Suppliers Group.

We understand the economic pressures driving your scientists to leave, but the sale of nuclear brain-power to pariah states must be prevented for all our sakes. We regard nuclear co-operation as a priority and we have backed that up with action by being part of the Moscow International Technology Centre.

We want you to join us in ensuring universality, not only of the NPT, but also of the Chemical Weapons Convention. The refusal of Middle East states to adhere to the Chemical Weapons Convention is a terrible disappointment and must be reversed.

Similarly, the Biological Weapons Convention needs strengthening. Russia can help by taking special measures to demonstrate that it has stopped its biological weapons program.

The end of superpower confrontation has brought new challenges, requiring effective multilateral action. The members of the UN Security Council are now able to agree on measures to deal with international crises.

The break-up of the old order in Central and Eastern Europe has brought the promise of freedom, but also the disillusionment of economic pain and ethnic conflict.

As Prime Minister Mulroney has said, "The birth of newly independent states will be a tragedy and not a triumph if hatred is their only *raison d'être*, if minorities are singled out for abuse, if economies flounder and people starve and perish for lack of food and medicine, and if wars are started to settle old scores and establish new borders."

The cascading violence in the Balkans, Central Asia and the Transcaucasus now threatens Russia itself.

The international community needs more effective tools to deter such crises, including preventive diplomacy, mediation and judicial recourse. Sometimes, however, enforcement is the only effective response.

The new doctrines of humanitarian intervention and peacemaking are global in scope. The whole concept of national sovereignty is being rethought as we move into the post-statist world. Ethnic minorities deserve the protection of the international community.

Human rights are a cardinal value underpinning Canada's foreign policy. We fought for them during the Cold War not out of ideological hostility, but because they are basic human requirements. The substance of our relations is influenced by how governments treat their people.

The tension has been broken between international vigilance over human rights and objections on grounds of non-interference in the internal affairs of states. The irreversible shift toward human rights is one of the great transformations of our time.

As we come to honour your victory over the forces of repression, we must remain vigilant. The image of Boris Yeltsin on that tank will haunt any leader on any continent who dares to hide behind the false veil of intervention in the internal affairs of a country.

That is why we are particularly troubled by the reaction of some states to Conference on Security and Co-operation in Europe (CSCE) scrutiny. This smacks of old-style thinking and must be resisted.

Together, we must continue to hold Iraq to UN Security Council resolutions and bring Saddam Hussein to heed the will of the international community.

There has been a perception that we have differing views on responsibility and remedy in the former Yugoslavia. In fact, I know we both see the urgent and immediate need to stop the carnage. Canadians are outraged by the systematic rape and unjustified violence in Bosnia.

We in Canada understand the priority that you attach to the situation of Russians living in neighbouring countries. The CSCE has the potential to protect the rights of minorities in Russia and elsewhere, eliminating the need to intervene on their behalf.

Crucial to the resolution of most human rights situations is the establishment of local and regional systems for self-sufficiency. Globalization and international competitiveness are inescapable realities of our time. Russia and the countries of Central and Eastern Europe have already recognized the opportunities that exist and have begun to act on them.

You have freely chosen integration into the world financial and trading system, and the responsibilities that go with it. Canada welcomes this choice. It is in everyone's best interest.

But let me emphasize that we are very sensitive to the difficulties you face. With a population of 155 million people, the world's largest land mass and an intricate economic system developed over 70 years, the challenges you have embraced are daunting beyond description. You have earned the respect of all of our countries as you build your new vision of the future.

I am proud that my country, Canada, was the first to press for a high-level G-7 dialogue with Russia. I am confident that this dialogue will continue at Tokyo and beyond.

President Yeltsin is clearly committed to your country's courageous moves to reform its economy. This morning, I had the opportunity to meet with Andrei Kozyrev. Tomorrow I will be meeting your president. I will underline our support for his efforts at macroeconomic stabilization and structural reform. I shall assure him, as I assured Andrei Kozyrev today, that we are seeking additional ways to transfer our skills and other advantages.

The West, too, has a responsibility to make a new and concerted effort to help you at this critical stage. Canada is in for the long haul. We will do our share and more. Our prosperity is linked to your prosperity.

At the same time, we must recognize that the world's and our own resources are finite. Please do not be frustrated or discouraged if there does not seem to be enough aid. Even with the best will in the world, Canada and other Western governments have their limits. Learning how to do more with less does not mean shortchanging Russia, but finding new and better ways to help each other.

We know that you cannot develop a market economy overnight. There are always new problems as the rules change. That is understandable, but private sector investors rely on confidence, and that will only come from predictability and transparency.

To make this happen, you need a stable and consistent legal and regulatory framework. Businesspeople want to know where they stand. They will go where decision-making is quick and unbureaucratic.

Foreign investment is vital, and it must work for you as well as for the investor -- creating jobs, skills and new markets. "Win-win" is the way to the future.

Canadians are already making investment decisions -- in oil and gas, pulp and paper, bank financing, telecommunications systems. They and others will put their trust -- and their money -- into Russia's long-term success as long as you offer attractive and competitive business conditions.

Our technical assistance program is transferring skills and knowledge that you need to establish a modern economy. We are focusing on areas where we have something to offer. The thousands of Canadians and Russians already working together are proof that we have much in common to share.

Any developments must take heed of the new standards of global co-operation that continue to evolve.

As we each develop our northern frontier, we should make common cause on environmental issues that affect us both: the greenhouse effect, the protection of forests and oceans, and trans-boundary Arctic pollution. Canada is Russia's friend to the west across the Atlantic, to the east across the Pacific, and to the north across the Arctic.

But fundamental to all of these decisions is having a democratic structure that allows for the development of choices.

The basis of a successful democracy is pluralism, a clear delineation of powers, the existence of organized political parties representing the various views and a Parliament that truly represents the people.

In Russia right now, the political dialogue is vigorous and heated. Your challenge is to build on the hard-won reforms to ensure that both the process and the products of democracy are enhanced.

As a politician, I know the value of building consensus and realistic compromise. I also know that democracy is never an end in itself, but rather a continuation of a process to higher and higher levels of co-operation.

Canada and all the world's nations are stakeholders in Russia's future. None of us is alone, and that is why diplomacy, too, must adopt a new face as we near the 21st century.

Addressing graduating students at Johns Hopkins University last May, Prime Minister Mulroney challenged them, and us, saying: "Rarely in history has there been such a victory for an idea -- the idea of democracy. The task the world's democrats face now is to secure that victory and to ensure that it is neither hollow nor short-lived. History will judge my generation and yours by our response to this challenge."

We must capture the hopes of the new generation and turn their dreams into reality.

Minister of Industry,
Science and Technology and
Minister for International Trade.

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

No. 93/8

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO THE OPENING PLENARY SESSION
OF THE CANADA-MEXICO JOINT MINISTERIAL COMMITTEE



OTTAWA, Ontario
February 15, 1993

Fellow Ministers, our meeting today represents a watershed in Canada-Mexico relations.

The last time the Joint Ministerial Committee (JMC) met in Ottawa, in January 1990, it took important steps to revitalize our partnership, especially in the economic field.

What we have since achieved is remarkable.

Most importantly, in the course of 14 months, from June 1991 to August 1992, we succeeded in negotiating with the United States the North American Free Trade Agreement (NAFTA), which will create the world's largest free trade area.

The entry into force of the Agreement on January 1, 1994 will be an important event for all three countries.

The creation, over 10 years, of a North American market, free of all tariffs and many non-tariff barriers, and with liberalized investment and service flows, will provide a stimulus to all three economies.

It will aid us in providing the base for our economic prosperity, which is the foundation for the well-being of our citizens.

I can assure our Mexican friends here today that the Canadian Government is committed to the North American Free Trade Agreement. In fact, we plan to introduce our implementing legislation to Parliament in a few weeks. We are confident of successful passage of the bill through both chambers of Parliament to permit entry into force of the NAFTA on January 1, 1994, as called for in the Agreement.

Canada is also committed to greater trilateral co-operation on the labour and environment front. As we negotiated the NAFTA, Canada, Mexico and the United States engaged in important discussions on co-operation in the areas of the environment and labour.

These talks enhanced the co-operation that JMC Meetings had already established between Canada and Mexico. We are pleased with the progress that is being made through bilateral co-operation, but we see an opportunity to make further advances in these areas on a trilateral basis.

We welcome the priority that the Clinton administration is placing on the environment and labour, and we are prepared to work closely with the United States and Mexico in making parallel initiatives in these areas a reality.

The progress made in our economic relations goes well beyond the successful negotiation of the North American Free Trade Agreement or parallel agreements on labour and the environment.

It is also evident in a range of other undertakings between our two governments. Let me mention just a few that are making beneficial contributions to the economic life of both our nations.

Canada was pleased to be Mexico's first partner in a double taxation agreement. This accord has gone a long way to sending a positive signal to Canadian investors. It has been a factor which I believe has contributed to the growth of Canadian foreign investment in Mexico in the last year. Canada was the fourth investor in Mexico in 1991 after the United States, France and Germany.

Energy trade has always been an important element of the Canada-Mexico relationship. Canada has recently made its first sale of natural gas to Mexico. We anticipate considerable interest by Canadian oil and gas equipment and services exporters in the Mexican market. They will be pursuing sales in Mexico with the assistance of the Canadian Export Development Corporation's \$500-million line of credit with PEMEX. Canadian firms will benefit from increased sales. The Mexican industry will benefit from Canadian technology, which, in this field, is among the world's best.

I cite these as examples of the increased economic activity that has developed through the co-operation of not only our governments but also Canadian and Mexican businesses -- both management and workers.

We were pleased that, as we were negotiating the NAFTA, Canadian entrepreneurs took it upon themselves not only to examine the opportunities available in closer ties with Mexico but to launch major trade and investment initiatives. The one that stands out is Canada Expo '92 held just over a year ago in Monterrey. This was Canada's largest and most successful trade show ever held in Latin America. More than 200 Canadian exhibitors attracted some \$70 million in prospective business, and 10 Canadian firms identified potential joint ventures worth an estimated \$20 million.

To capitalize on these exceptional Canada-Mexico trade and investment links, I had the pleasure of opening a Canadian satellite trade office in that same dynamic city of Monterrey just over two weeks ago. This is a further example of Canada's commitment to promote Canadian business interests in the state of Nuevo Leon and all of Mexico and further expand the growing trade and investment links between our two countries.

On the investment front, Canadian direct investment in Mexico has continued to grow and now totals more than \$500 million. This new investment in the form of joint ventures will benefit both countries by helping Mexico in its development drive while providing Canadian firms with new markets for their goods and services.

While Canadian investment is increasing in Mexico, our trade has been increasing as well.

Our exports to Mexico in the first 11 months of 1992 reached \$692.5 million, exceeding in 11 months the annual total of each of the previous two years. At the same time, Canada is a significant market for Mexican goods. Mexico posted \$2.5 billion in sales to Canada between January and November 1992, roughly the same level as the previous year. Canada ranks fifth in the world as a destination for Mexican exports.

These trade statistics only tell part of the story. The real story comes from the individual successes of Canadian and Mexican enterprise. The variety of our two-way trade clearly demonstrates these achievements in a variety of areas.

From motor vehicle parts to telecommunications equipment, Canada's exports to Mexico are diverse. Likewise, Mexican sales to Canada range from motor vehicle parts to radio, telephone and audio equipment. This presents a clear picture of an increasingly developed and mature trade relationship going in both directions.

Closer co-operation through joint ventures and technology transfers will be mutually beneficial to our two countries. Canada can provide the services and the knowledge-based products that Mexico is looking for, and, together, we can market these throughout Latin America.

In short, we have vigorous two-way trade now, and there is significant potential for future, mutually beneficial growth.

For instance, our agricultural sectors are highly complementary. There is scope for both countries to expand sales in each other's markets. As experience in international markets has shown in recent years, businesses need stable conditions with clear rules and ready, open access in order to succeed. We will be working closely with you to ensure that these conditions apply in the agricultural sector.

Trade in services can also be enlarged and accelerated in the coming years, especially under the provisions of the NAFTA. By granting improved access to each other's government procurement markets, for example, there is a considerable potential for successful partnerships between our public and private sectors.

In such areas as sophisticated transportation technology, Canada is renowned.

The NAFTA will provide new avenues for Canada and Mexico to match skills and knowledge to each other's needs.

It is certainly representative of the growing importance of the Canada-Mexico relationship that so many ministers are meeting here today.

These discussions will open new doors and chart new paths.

The relationship is growing. It is becoming more complex. We must work hard and with imagination to realize its full potential.

In short, we have much to do, and I am confident of our continued success.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/9



CHECK AGAINST DELIVERY

CLOSING TOAST BY

THE HONOURABLE MICHAEL WILSON

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND

MINISTER FOR INTERNATIONAL TRADE

AT THE NINTH CANADA-MEXICO

JOINT MINISTERIAL COMMITTEE MEETING

OTTAWA, Ontario
February 15, 1993

Good evening, friends Bonsoir, mes amis Buenas tardes, amigos ...

Three cultures are joined here.

We have much to learn from one another in the exciting years ahead. We will get to know and understand one another better. We will make new and lasting friendships.

In the end, I suspect all this will mean more than the increased trade and investment that will flow from the North American Free Trade Agreement (NAFTA).

For 25 years now, ministers from Canada and Mexico have exchanged views at these meetings on a wide range of issues. And I am confident the Joint Ministerial Committee will play an important role in shaping our vital partnership in the years ahead.

We are indebted to our Mexican colleagues for the many sectors represented in their delegation at this Ninth Joint Ministerial Committee meeting. They have come well prepared for a dialogue on matters of mutual interest and concern in the fields of energy, agriculture, forestry, labour, communications and culture.

Earlier today, Minister Serra and I discussed measures still needed to ensure a smooth start-up for the NAFTA on January 1, 1994. We will be introducing legislation to Parliament very soon and I want to take this opportunity to assure you that I am confident the NAFTA will be implemented on schedule.

Mrs. McDougall and I are looking forward to travelling with our counterparts beginning tomorrow to visit industrial sites and to take part in other activities in all parts of Canada. It's an opportunity to explore jointly ways in which we can begin to make the NAFTA work to the greater benefit of the partnership we are building for the future.

At lunch today, Prime Minister Mulroney commented on Canada's commitment to closer relations with Mexico and Latin America. The toasts just proposed by my colleague, External Affairs Minister Barbara McDougall, and Foreign Secretary Solana, touched on many aspects of our new partnership.

I want to leave you with the thought that each of us is privileged to play some small part in shaping this new and vital relationship.

I am honoured to propose a toast to all of you -- the participants in this Ninth Joint Ministerial Committee -- and to the partnership we are building between Canada and Mexico.

;Salud!

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/10

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE
TO INTRODUCE MEXICO'S SECRETARY
OF TRADE AND INDUSTRY,
HIS EXCELLENCY DR. JAIME SERRA PUCHE,
AT A LUNCHEON HOSTED BY
THE CANADIAN INSTITUTE FOR INTERNATIONAL AFFAIRS

MONTREAL, Quebec
February 16, 1993

Mr. President, Excellency, Mr. Minister, Members of the Canadian Institute for International Affairs (CIIA), Ladies and Gentlemen:

Allow me first to thank Richard French and the members of the Montreal CIIA for organizing this excellent event. I am sure that it will be useful as well as enjoyable.

I am very pleased to welcome in our midst a colleague and friend, the Secretary of Trade and Industry for Mexico, His Excellency Dr. Jaime Serra Puche.

Secretary Serra has held the reins of Mexico's international trade for four years now. We had the pleasure of welcoming him and his colleagues to Ottawa yesterday for the ninth annual meeting of the Canada-Mexico Joint Ministerial Committee.

This meeting strengthened relations between our two countries by giving Canadian and Mexican ministers an opportunity to discuss policy, economics, trade and other areas of mutual interest.

To complement these productive consultations, Secretary Serra has come to Montreal to see some concrete examples of highly successful partnerships between Canadian and Mexican business people.

It is important to note that Canadian companies did not wait for the North American Free Trade Agreement (NAFTA) to come into effect before starting to take advantage of the increasingly attractive outlets available in Mexico, and its increasingly open markets.

Right here in Quebec, and especially in greater Montreal, companies have already begun to take advantage of these opportunities. As Mexico continues to reduce and eventually does away with its tariff and other non-tariff barriers completely, Canadian companies will find even more outlets there.

Our visit with Secretary Serra this morning to two major companies in the Montreal region underscored the importance of the Mexican market for Canada.

Canadair and SR Telecom, along with Atelier Montréal Facilities, which we will visit this afternoon, are already doing business with Mexico. I am talking about business in the tens of millions of dollars, with a potential for hundreds of millions.

Sitting at my table is David Cherem, an investor in Mexico and the President of Artopex Plus, a company that employs 300 people in Laval, Quebec. In addition to his investment in Artopex Plus, Mr. Cherem will be responsible for distributing the company's products in Mexico. What better example could there be of the possibilities of partnership between Canada and Mexico?

This indicates, as our guest Secretary Serra has pointed out in the past, that the "NAFTA has a bright future because of the complementary elements of our economies."

It is important to note that these Quebec enterprises are all manufacturing companies that either directly sell their products to Mexico -- like SR Telecom and Bombardier -- or that have concluded service contracts with their Mexican counterparts -- like Atelier Montréal Facilities. They have the common desire to take advantage of the market opportunities that are already opening in Mexico almost a full year before the NAFTA is due to come in effect.

Trade liberalization leads to new opportunities for Canadian exporters of goods and services. That is why trade liberalization has been and continues to be a primary objective of the Government of Canada.

We achieved freer trade with our most important trading partner, the United States, through the Canada-U.S. Free Trade Agreement more than four years ago. Now we have extended those provisions -- together with some improvements -- to Mexico, our largest trading partner in Latin America. And our overall goal is to further liberalize trade worldwide. That is what we have been working toward in the Uruguay Round of Multilateral Trade Negotiations in Geneva.

That is also Mexico's goal, and no one is better equipped to handle that daunting task than Secretary Serra.

Not only has he led his country to a successful conclusion of the NAFTA, but he is also in charge of the trade negotiations with Colombia and Venezuela (the Group of Three), as well as chairing ministerial meetings in the GATT. A former university professor of economics, Secretary Serra worked for several years in Mexico's Secretariat of Finance before becoming Secretary of Trade and Industry.

As former Minister of Finance, I must admit that a solid grounding in the economic realities of one's country is useful indeed when negotiating complex trade agreements.

Secretary Serra has been at the helm of Mexico's foreign trade for over four years now. As colleagues in charge of negotiations of the NAFTA for our respective countries, we have faced each other many times during the 14 months leading to a successful agreement.

Let me tell you that during the course of the NAFTA negotiations, I have come to appreciate and respect Secretary Serra's strong negotiating skills as well as his sense of humour. That reminds me of the third ministerial meeting, in Zacatecas.

Our host had taken us to a museum of Indian artifacts in that colourful Mexican city. Seeing all the traditional masks on the wall, I couldn't help but remark to him that now I knew where he got his many facial expressions during the course of the negotiations.

Please welcome one of the strongest proponents of the North American Free Trade Agreement, and within the administration of President Salinas, one of its chief architects, His Excellency Secretary Dr. Jaime Serra Puche.

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/12

AS DELIVERED

AN ADDRESS BY
THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
TO
THE JOINT LUNCHEON OF
THE VANCOUVER BOARD OF TRADE
AND
THE ASIA-PACIFIC FOUNDATION

"CANADA AND THE PACIFIC CENTURY"



VANCOUVER, British Columbia
February 19, 1993



I am delighted to be once again in Vancouver -- Canada's window on the Pacific. I am about to embark on a trip to Japan, Hong Kong and Cambodia, and I would like to share some ideas with you on where we have been in our relationships with our transpacific partners, and where we go from here for the balance of this century and beyond.

By virtually any indicator, the Asia-Pacific region has established a dizzying pace of economic expansion that has made it the envy of the world:

- Most of its economies are enjoying growth rates in the double digits.
- Following the example of Japan and the four "tigers," a new set of Southeast Asian dynamos has emerged, each enjoying a classic cycle of growth driven by high domestic savings rates, extensive investment inflows and massive increases in productivity.
- Even their problems elicit envy: the definition of a "downturn" in high-tech, high-finance and high-fashion Japan seems to be growth at two per cent and unemployment at three!

The Asian development model of progressively opening markets and generating export-based growth is now the model for development around the world, emulated from Chile to Estonia.

Even going back to my own years in Vancouver in the 1970s, you in this city have long been alert to Canada's role as a Pacific player. The Asia-Pacific Foundation and the Vancouver Board of Trade certainly deserve the credit for the progress that we have made to date as a country in preparing ourselves for what some people are calling "the Pacific century."

Our record is far from dismal:

- Ten of our top 25 export markets are now Asia-Pacific economies, including seven valued at over \$500 million and another three at over \$300 million.
- There are new Canadian success stories in penetrating high-value Asian markets: Vancouver's high-technology companies like MPR, Glenayr and MacDonald Dettwiler; Atomic Energy of Canada's exports of nuclear power systems to South Korea; Okanagan Helicopters in oil exploration and Nova in pipeline systems; Bombardier's sales of commuter and business aircraft; and, CAE's domination of the flight simulator market.
- Japanese direct investment in Canada has doubled since 1985 to \$5.7 billion, and its holdings of portfolio investment has reached \$49 billion.

- Tourism from Asia-Pacific Economic Co-operation (APEC) countries has trebled.
- The transpacific student flow has doubled.

These and other successes don't happen by chance.

Early on in our first mandate, our government recognized the need for much more concentrated national activity with respect to our relationships in the Asia-Pacific region.

In 1988, here in Vancouver, Prime Minister Mulroney announced the decision to proceed with a comprehensive, multiyear plan to expand Canadian linkages with the region. The Asia-Pacific Foundation has served as a focal point and delivery vehicle for many of Pacific 2000's programs, and they seem to be bearing fruit:

- In 1987, there were roughly 1,100 secondary and post-secondary Canadian students studying Japanese. Today, there are over 10,500!
- Simon Fraser University's David Lam Centre has pioneered new approaches to teaching Asian languages and business practices that have been emulated in other major cities across the country.
- The number of joint research projects undertaken between Canadian and Japanese institutions has surged from 80 in 1988 to more than 200 today.

Pacific 2000 has also meant taking Canadian culture to Asia. In the past two years, we have promoted our presence in the region with a series of activities including special festivals in Hong Kong, Korea and Japan.

However, Canada's interests in the region are too intricate to be described simply in economic or cultural terms. The reality of Asia Pacific today is a reality replete with challenges across the full range of our foreign policy. To illustrate this, let me share with you a series of the issues that I will be discussing over the week ahead.

In Tokyo, I will be addressing many elements of our very important bilateral relationship with Japan. As many in this room will know, the two Chairs of Canada-Japan Forum 2000, Peter Lougheed and Ambassador Okawara, have now submitted their joint report to their prime ministers.

I will be discussing the implementation of this report in Tokyo -- from how to co-operate more effectively in Group of Seven leading industrialized countries (G-7) deliberations to engaging

in what the report calls a "joint stewardship" of the North Pacific. We are determined to build on the momentum generated by Mr. Lougheed, whose contribution and dedication have been outstanding, and his Canadian and Japanese colleagues, and to following through perhaps not on every recommendation but on a full range of them.

We will also go beyond the bilateral agenda and will, for example, compare notes on the new American administration. Given the importance to both our countries of our relations with Washington, and the effects on Canada should the U.S.-Japan relationship implode, this will be a subject of some importance.

By the same token, we will inevitably be discussing the North American Free Trade Agreement (NAFTA) with both the Japanese government and the private sector. We will continue to emphasize what the agreement is -- and what it is not -- and we will try to alleviate some of the misconceptions and unfounded concerns that persist about the NAFTA.

We will also talk about the global agenda and its regional dimensions as well. Japan is, and must remain thoroughly engaged in the challenge of helping in the transformation of Russia. I was just in Moscow two weeks ago and, on behalf of Prime Minister Mulroney, I will be sharing what I learned in my discussions with President Yeltsin, with Prime Minister Miyazawa and with my Japanese counterpart.

We know that Japan has a set of very particular concerns in its relationship with Russia that date back a long way. Since the beginning of "glasnost," our Prime Minister has been supportive of the Japanese imperative to resolve the territorial dispute, and we will remain so. However, there are dangers to us all from instability in Russia. The international community cannot stand aside at this sensitive moment when Russia has made commitments to democratic and market-based reforms.

I will also discuss with Japanese leaders the stability and future of Hong Kong, my next stop after Tokyo.

We shall no doubt deal with events in the Peoples Republic of China. On balance, progress in China is real; economic growth and increasing prosperity lead to direct benefits for the Chinese people and indirect benefits for stability in the region by integrating China into the larger world. An isolated, unknown and unpredictable China has never been in anyone's interest.

Canada, however, remains concerned about the human rights agenda in China, about democratic reform and about Tibet. Canadians have a deep and abiding belief in the rule of law and in fundamental human rights. Chilling images of military units turning on their own people have flashed across our television

sets; tragic stories of extra-judicial executions and disappearances have filled our newspapers. Canadians are outraged with reason, for we are not prepared to see trampled the principles on which we have built our own country -- principles that we promote in the international community.

Democratic development and respect for human rights are core components of our overall foreign policy agenda because they are essential ingredients of longer-term stability. Economic reform and long-term economic progress cannot proceed in the absence of the rule of law and the rights of the individual.

While the pace and sequence of changes have not always been consistent, Asia itself is full of examples of how an imbalance between economic and political progress has produced upheaval and instability. Violence in the streets of Thailand last May and years of civil unrest in Korea were the by-product of this imbalance. Restoring equilibrium by completing the democratization process and systemically assuring the rights of citizens has brought about in both countries the stable setting in which further economic progress can be pursued.

We do not insist that our models and our structures be precisely adopted by others. The parliamentary system is not the perfect or the only model, but long-term stability cannot be achieved in situations where human rights are not respected, and where democratic participation in the political process is not tolerated.

Our current approach to a number of very important Asian partners demonstrates how we believe that these objectives can best be pursued. In China today, we are actively supporting the development of a body of scholars versed in Western concepts of human rights, so that they can work within the Chinese tradition to transform the legal and political systems as political change unfolds.

Throughout Asia, we have assisted in the development of universities and, very importantly, in developing linkages between Canadian and Asian universities.

In Indonesia, we have actively supported programs to help improve and protect women's rights, and, throughout the region, we have helped to develop the legal framework for everything from foreign investment law to bills of rights.

All of this has been done with the willing support of our partner governments, for even where their institutions may be incomplete democratically, there is a fundamental understanding of the need, for reasons of long-term stability and prosperity, to move toward greater democracy and the rule of law.

Hong Kong is a very important case in point. We have been supportive of Mr. Patten's efforts to bring greater democracy to the territory, not because we have some ideological commitment to the formula of how many members of the legislative council should be directly elected by whom, or how functional constituencies should be represented. Our aim is, very simply, to be supportive of Hong Kong, China and Britain working out a smooth transition for 1997, one that preserves Hong Kong's identity, prosperity and stability.

Our determination to support the development of stable, rule-based systems and structures, reflects what Canada has been trying to do at the multilateral level as well, and this is very much part of our activity in the Asia-Pacific region.

I believe that Canadians are taken seriously at the tables of Asia because we have demonstrated not only our belief in co-operative, multilateral approaches to peace and security, but also our willingness to back it up with substantial commitments of human and financial resources. We have earned a record that is second to none in terms of contributions to international peacekeeping efforts. These contributions matter.

My visit to Cambodia will reaffirm Canada's continuing commitment to the peaceful resolution of the Cambodian conflict, to international peacekeeping and to advancing the desire of the United Nations for genuine nationbuilding.

What we are trying to do in Cambodia is unparalleled, since it goes beyond traditional peacekeeping to the management of the transition to democracy, complete with the responsibility for registering an electorate, writing laws, holding elections and ensuring the civil peace.

The peace process in Cambodia is fraught with risk, not the least of which is the long-range aspirations of the Khmer Rouge. I will explore this situation in my Tokyo discussions next week, just as I have recently been in touch with my Australian and Indonesian counterparts. While we are all concerned, we are convinced of the necessity for a stable and prosperous Cambodia. The challenge is to effectively manage the transition to democracy and to nurture the rule of law.

Canada has been, and remains, a long-term champion of collective approaches to security in the Asia-Pacific region.

It was Canada that suggested to the countries of the North Pacific that they engage in a more active discussion of security issues -- not just on traditional military security questions -- but on the underlying causes of disputes and the need for peaceful mechanisms to resolve differences. The result has been an increase in activity at the government level and in the

academic and non-government communities. Indeed, a major conference of the North Pacific Co-operative Security Dialogue and its successor processes will be held here in Vancouver next month.

Another example of where we have brought Canadian experience and tradition to bear has been in the efforts to find peaceful solutions to the territorial disputes in the South China Seas, one of the potential sources of real conflict in the region.

These are all issues that are very much part of our agenda with our Asia-Pacific partners. In my participation at successive meetings of the Post-Ministerial Conference of Association of Southeast Asian Nations (ASEAN), I have encouraged the expansion of the agenda to include regional security issues. We were thus pleased to note the recent decision of ASEAN members to confirm this new direction.

As the void in the regional security dimension is being gradually filled, on the economic front we are part of the very rapid and welcome emergence of the APEC forum.

In Japan and Hong Kong next week, I will be exploring ways in which we can collectively advance the APEC agenda. APEC, the first institution in which China, Taiwan and Hong Kong all sit as member economies in their own right, has become the primary vehicle for regional economic discussion and co-operation. We believe that its potential for strengthening ties and reducing misunderstandings is significant.

While the General Agreement on Tariffs and Trade (GATT) and any institutional arrangements that may emerge from the Uruguay Round will continue to serve as the cornerstone of the world's trade policy framework, APEC can meet regional needs. It can promote transparency in domestic policies and regulations, and may hopefully lead to harmonization of trade-related standards and practices. While the agenda has yet to be fully elaborated, possibilities exist for APEC-wide arrangements to protect investment, codes of conduct for customs and administrative practices that inhibit free and open trade, and perhaps even understandings on intellectual property and dispute settlement.

Perhaps most importantly, APEC could act as a shock absorber for the region, and, in the process, help to limit collateral damage from, or indeed let some of the steam out of, strained bilateral relationships.

There are other issues and challenges besides those that I have touched on today. Even if I have not covered the entire waterfront, what I would hope to leave you with is the assurance that what we do in the Asia-Pacific region -- from encouraging the habit of discussion and the discipline of the rule of law,

from nationbuilding in Cambodia to the development of rule-based structures and institutions across the region -- is very much in our own long-term national interest and is a high priority in our overall foreign policy agenda.

I spoke earlier of the term "Pacific century." As an active participant in the events and the decisions that are shaping the new Asia-Pacific, Canada stands to be a major beneficiary of the progress that is taking place in the region -- economically, socially and politically.

Canada is very much an integral part of the Pacific century and many of you who are here today are the leaders in the process of converting opportunity into reality.

As I embark on this most important journey, I am confident that Canadians have both the energy and the initiative to take advantage of the Pacific century, and I know that I have your support.

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/13

AS DELIVERED

AN ADDRESS BY

THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

TO THE

JOINT LUNCHEON OF THE CANADA-JAPAN SOCIETY
AND THE CANADA-JAPAN BUSINESS COUNCIL

"CANADA AND JAPAN: PARTNERS IN GLOBAL CHANGE"

TOKYO, Japan
February 24, 1993

Government
Publications

Affaires étrangères et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

A magnificent story from the Orient tells of a man crossing a river in a boat. In midstream he loses his sword overboard. He marks the place where he lost it with chalk on the side of the boat!

We in Canada and in Japan who have witnessed the changes in our world in the last several years know something of what this story means. History is flooding by. The charts of the past are outdated.

We have seen the end of the Cold War and the re-emergence of local and civil conflicts; triumphs for democracy and some devastating failures; economic miracles and areas ravaged by drought and famine.

The complexities of both national and international life have fuelled nostalgia. There are even people who look with regret upon the passing of the certainties of the Cold War.

But there is no going back.

Nowhere has change been more rapid, more full of hope, and in many cases more successful than in the Asia-Pacific region. Already we may speak with confidence of the next era as the Asia-Pacific century.

The facts are indisputable.

- In 1965, the Asian side of the Pacific Rim accounted for 12 per cent of the global economy. By the year 2000 it is likely to exceed about 25 per cent, and Japan is a large part of this success story.
- Following in the footsteps of Japan, one by one Hong Kong, Singapore, Taiwan and Korea have crossed the threshold between developing and developed. Now Malaysia, Thailand and others are following suit.
- By the year 2015, China could have a middle class larger than the population of the United States.
- Canada trades as much with Japan today as it does with Britain, France and Germany combined -- and Asia and North America share by far the world's largest intercontinental trading relationship.

Japan, now the second largest economy in the world, is the epicentre. For Japan the twenty-first century is already here.

Change is our world's only constant, and nowhere is it more evident than in Asia. Witness the boom in southern China, the political transformation in Thailand and Taiwan, the nation-building in Cambodia, and a Vietnam poised for a market-driven, export-led decade of unparalleled growth.

In such a volatile world, in such a transformed region, some might doubt our ability to prepare for the future. How do we plan for the unpredictable? How can we control a current that seems to control us?

All of us are sensitive to the dangers of constructing an inflexible, rigid policy in such a world. It would ascribe a permanence where none exists. It might seem like making a mark in chalk on the side of the boat.

But I believe there are at least three essential points that must chart our future course.

First, we have to remain outward-looking, politically and economically. Isolationism, inward-looking unilateralism and excessive national self-absorption are recipes for repeating mistakes of the past.

Second, we have to hold firmly to our principles and values: to the primacy of human rights; to the rule of law; to the freedom of movement of people, ideas, goods, services and capital; to sharing our prosperity; to shouldering the responsibility for peace and security.

Third, we must learn that any change, even positive change, almost invariably occurs with some friction, tension, challenge, and instability.

Within this context, planning is far from futile. It is, indeed, essential if we are to avoid being the victims of circumstance.

This is a point that is particularly pertinent to Asia Pacific.

The economic miracle transforming Asia is a very hopeful phenomenon. It has dramatically reduced poverty in many places and improved the quality of life for hundreds of millions.

But it is never smooth sailing in the river of history.

- We can see the persistence of poverty amidst affluence.
- Population growth will bring enormous pressures on economies, on societies, on the environment.
- Given the region's immense diversity and the pace of change, ethnic, religious, and regional tensions and conflicts will arise where they are expected -- and often where they are not.
- The wealth of Asia will bring into the foreground new powers. Power implies responsibility; it also comes with the attendant risk of possible misuse.

Wealth alone is not a panacea for all the troubles a society may face. But at least economic success creates the capacity to address the fundamental need for societal change, for structural transformation.

It allows for investment in the future of people, in improving the quality of their lives, in wider international co-operation.

But challenges to stability persist.

I see four principal challenges that must be addressed, four "tasks," as we together approach the twenty-first century.

First is the building of a global framework for security and stability, to help control or eliminate conflicts. It is essential for us to work through the United Nations to support its mission of world peace. It is also critical for Canada and Japan to work together within the Group of Seven leading industrialized countries (G-7) summit process. These organizations are pillars of global stability, buttressed by regional institutions founded on the same principles of co-operation. Through them, we have a shared responsibility for peacekeeping in all of its forms, for arms control and for nuclear non-proliferation.

Through them we must develop a habit of dialogue so that the very idea of resorting to force to resolve problems becomes unthinkable.

And it is through them that Japan is now playing a larger and most welcome role on important international and regional issues.

First, your leaders have shown vision and a determination in bringing about a Japanese role in peacekeeping, in the midst of a complex and sensitive domestic debate. Our peacekeepers now stand side by side in Cambodia. We are co-operating in this area bilaterally as never before, and over time, we hope to see more.

Second, a distinguished Japanese (and a friend with whom I am in frequent contact), Mrs. Ogata, as UN High Commissioner for Refugees, is making a singular contribution to addressing one of the world's great problems.

The second task is to build a regional framework to meet the challenges that Asia-Pacific expansion and development are creating. We need to recognize openly the great institutional weakness in the region; indeed, one could speak of an institutional vacuum. We need to promote shared rules and the imperative of dialogue.

Without these, misunderstandings and isolation could grow. With them, on the other hand, there can be a sense of common purpose

and a means of dealing with the underlying causes of tension before conflict erupts.

Canada addressed this issue a few years ago by seeking to promote co-operative security dialogue among the countries of the North Pacific. Resisted at first by quite a number of would-be players, today the consciousness of the need for such a dialogue is general. And in the Southeast Asian region, the ASEAN Post-Ministerial Meeting is emerging as a forum for security discussion at the ministerial level. And even in the South China Sea, where incompatible territorial claims abound, the regional governments are sitting down together, talking about international law and the means to resolve boundary issues -- using Canadian expertise and experience that we have made available.

On the economic agenda, Asia-Pacific Economic Co-operation (APEC) is making a good start. It should, over time, evolve as the regional institution to manage the friction produced when systems clash, to help create rule-based understandings on such issues as standards, investment and intellectual property, and to manage disputes when problems prove unpreventable.

To underscore the importance of finding rule-based systems in the management of conflicts, I would draw your attention to Canada-United States relations. This most successful and closest of partnerships cannot avoid difficulties -- difficulties that require systematic means of addressing them.

With the biggest trading relationship of any two countries in the world, it is no surprise that disputes arise between Canada and the U.S. -- over lumber, pork, steel, wheat pricing, hydro-electric rates -- the list is long.

These recurrent difficulties were in fact an essential consideration in Canada's decision to enter into a free trade agreement with the U.S. The use of dispute settlement panels, as established under the Free Trade Agreement, demonstrates that there is a way to find rule-based solutions to even the most tangled of issues.

The point is that there must be means of finding rule-based adjustments when change occurs, of resolving frictions when they arise. Change in itself does not have to mean crisis.

The third task is to use the institutions we are constructing to buttress the emergence and transformation of new players. As Asia Pacific grows in wealth and importance, its emerging powers must recognize the needs of societies and economies in transition, often fragile transition.

There are two of particular importance.

In this respect, China is key. We in Canada and Japan need to make a concerted effort to help influence the way that China adapts to new roles and a new status.

A potential economic superpower, we must encourage change to the political process as well as human rights and democratic development.

And let us not forget Russia. Russia needs to be recognized as both a global and a regional player, despite the existence of specific bilateral difficulties. We cannot build stability anywhere on the globe, nor co-operation in Asia Pacific, without the involvement of Russia.

A strong Asia-Pacific region, working together, harnessing the strengths of all of its members, from Japan to Canada, from the U.S. to Korea, from the Association of Southeast Asian Nations (ASEAN) to Australia, can play a collective role in building global systems and global stability.

The fourth task or focus is the sharing of prosperity, extending the benefits of economic growth and advancement to all countries in the region, and around the world.

There are many avenues for achieving this objective. The most important are open markets, liberalized trade and development co-operation.

The General Agreement on Tariffs and Trade (GATT) remains essential to the fulfilment of these objectives. Canada remains strongly committed to a successful conclusion of the Uruguay Round, and Japan's active involvement in this process is essential.

I want to address specifically the North American Free Trade Agreement (NAFTA). The NAFTA is consistent with, and a stepping stone toward, global trade liberalization. It is not and will not be a "trading bloc." Some of our transpacific partners have questions about the NAFTA, and Canada for its part is eager to respond to them. But it must be clear that the NAFTA is not a bloc: that contention should be laid to rest once and for all.

Canada and Japan are natural regional and global partners. I would go even further: we have a responsibility to be partners. If we do not act in concert, our interests in the region and in the world will suffer.

- We are both Asia-Pacific countries.
- We are important trading partners for each other.
- We both share the United States as an important trading partner.

We have complementary strengths and similar ideals. Japan's strengths are obvious, as an economic superpower and as a major political power. But so are Canada's.

We are experienced at multilateralism, at institution-building, at the development of rule-based international systems, at peacekeeping, at conflict resolution and at promoting dialogue. We were prime movers in the UN system from the beginning.

My message to Japan is a simple one: recognize your strength and share our experience and abilities, just as we recognize our strengths and share your experiences and abilities.

We are of the same mind in aspiring to world peace. We see a Japan that has chosen a path of peace and economic development and that has not been a party to conflicts. We know that Japan has no desire to extend its military power for national gain. We see it as natural for Japan to express its leadership and its desire for peace through internationalism -- to put its strengths to work for the world.

Canada and Japan make a great team precisely because of our experience, our networks of important relationships that we have each carefully developed, and our shared aspirations.

The potential for Canada-Japan co-operation bilaterally, regionally and globally was a central theme of the Report of Canada-Japan Forum 2000. This distinguished bilateral body made a number of recommendations to our prime ministers that are now under careful study in both countries. Significantly, these recommendations have encompassed:

- strengthened co-operation at the G-7 table;
- further co-operation in conflict prevention, conflict resolution and peacekeeping;
- greater efforts to have larger communities in each of our countries engaged in our bilateral relationships through cultural exchanges and academic links; and
- environmental co-operation in such areas as protection of the resources of the North Pacific Ocean.

The Pacific century is upon us. Opportunities and challenges abound. Canada and Japan are uniquely equipped together to contribute to help shape this new century and ensure its direction.

This river will pass us only once. Let us learn from the lessons of history and prepare ourselves to follow its course, knowledgeably and confidently, as friends and fellow travellers.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

93/14

Déclaration

A STATEMENT BY

THE HONOURABLE MICHAEL WILSON,

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

AND MINISTER FOR INTERNATIONAL TRADE,

ON THE OCCASION OF THE

INTRODUCTION OF THE NAFTA IMPLEMENTATION ACT

OTTAWA, Ontario
February 25, 1993

Today in Parliament, the Government introduced the legislation to implement the North American Free Trade Agreement (NAFTA).

This Agreement is the culmination of 14 months of negotiations and six more months of careful drafting of the text and the legislation.

The NAFTA will create a North American free trade area with important economic benefits for Canadians for many years to come.

Of course, this is not the view expressed by the Opposition. Their policy is either planned paralysis or reckless abandonment of our largest trade relationship.

Today they are even asking why we are introducing the legislation now. They argue that we should wait until the United States and Mexico dot the "i's" and cross the "t's" of their legislation.

Let me be very clear. Canada signed this Agreement because it will be good for the country and will provide opportunities for Canadians in the future.

We are the first of the three partners to formally introduce legislation, but the approval processes in both the U.S. and Mexico are well under way. Mexico has sent the Agreement to its Senate. In the U.S., the approval process started many months ago, with the Administration's 90-day notification of the Agreement to Congress on September 18, 1992. The new Administration is now continuing the necessary discussions on implementation with the U.S. Congress.

But that's neither here nor there. This is Canada. We have our own Parliamentary process; they have theirs.

What would happen if we waited -- if we sat on this Bill until our partners were quite far advanced in their process?

Our critics would accuse us of not giving them enough time to examine and debate the Bill, or our critics would accuse us of not acting until the Americans had.

In Canada, the level of interest in the Agreement is high. That is why this Government strongly supported the all-party hearings that took place on the NAFTA in nine cities across Canada over the past four months. It is now time to start the debate on the legislation itself.

We introduced the Bill now because we want everyone to have ample time to examine and debate the Bill.

We introduced the Bill now because the sooner Canadian businesses know about and understand this legislation, the sooner they can prepare for the opportunities that await them.

I know there will likely be questions about the environmental and labour agreements we will be negotiating with the U.S. and Mexico.

Some may argue that we should wait for the conclusion of these talks before proceeding with the NAFTA implementing legislation. They note that the Clinton Administration will present the environmental and labour agreements and the implementing legislation to Congress at the same time.

That is their business. From our perspective, it is in the interests of Canadians to get the Bill out in the open and to start the parliamentary debate.

Let me point out that all three governments have agreed that the NAFTA will not be reopened. We have also all agreed to implement the Agreement on January 1, 1994. We expect all NAFTA partners will live up to that commitment. The negotiation of the NAFTA is over.

That said, we are encouraged that the Clinton Administration shares our determination to pursue discussions on the environment and labour. Frankly, we now have a golden opportunity to pursue further Canadian interests that will go far beyond the technicalities of trade agreements.

When we concluded the negotiations of the NAFTA last August 12, we had created a trade agreement that was more sensitive to the environment than any previously negotiated.

But equally important, at that time we agreed that Environment Ministers should meet to discuss the establishment of a North American Commission on the Environment. Work on its mandate has been slow because of the change in the U.S. Administration.

But the renewed interest in this area by the Clinton Administration and the importance they are attaching to an early agreement in both labour and the environment are indeed welcome.

When the three sides meet in mid-March, Canada will come to the table with constructive proposals.

But let me make the obvious point. The NAFTA negotiations have been a catalyst for trilateral co-operation in these important fields. Bluntly stated, without a NAFTA, there would be no trilateral agreements on labour and the environment.

We are confident that informed and serious consideration will confirm the NAFTA's rightful place as part of Canada's economic strategy.

The NAFTA is only one component of that strategy. That is why the Government continues to press for the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT). Nothing could send a more powerful signal of economic confidence to all world markets.

But we have to move on several fronts at once. That is why more than four years ago we negotiated the Canada-U.S. Free Trade Agreement (FTA).

Frankly, it surprises me that the controversy over the FTA continues.

Our exports to the United States are setting record levels month after month. Last year, exports to the United States rose a remarkable 13.6 per cent, to \$122.3 billion, up \$14.7 billion from 1991.

Our merchandise trade surplus with the United States was a record \$17.7 billion, \$3.8 billion or 27.3 per cent higher than the previous year.

All this is having a positive effect on job creation: a net total of 118,000 jobs were created in 1992.

So I say to our critics: What's your point? We reached a trade agreement with the United States in 1989. Now in the fifth year of this agreement, our trade has never been larger and is growing much faster than the rest of our economy.

The NAFTA builds on that success.

We wanted an agreement that would maintain Canada as a solid location for investment in the North American market. We succeeded.

We wanted to make some improvements to the FTA. We succeeded.

And we wanted to gain better access to the Mexican market of 85 million people that had been largely closed to us by high tariffs and other barriers. Again, we succeeded.

Canada cannot afford to be standing outside the NAFTA, looking in.

We don't claim this Agreement will produce economic miracles. But it will, in time, contribute to solid job-creating economic activity.

During my visits to Mexico in the last year, I have seen increasing numbers of Canadian firms actively seeking sales there. I have also seen the heightened interest in other Latin American markets that, I believe, is largely inspired by the new trade frontier we are opening with Mexico.

And let's not forget the real winners in a free trade agreement: Canadian consumers. They benefit from lower prices and a greater variety of products and services.

There are exciting times ahead.

The tabling of the NAFTA legislation today marks an important moment in Canadian history.

Through the open and democratic parliamentary process, all Canadians will have ample time to examine the NAFTA and listen to the debate.

I believe they will conclude this is the right course for Canada.

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Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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93/15

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY

THE HONOURABLE MICHAEL WILSON,

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

AND MINISTER FOR INTERNATIONAL TRADE,

TO A PRESS CONFERENCE AT WESTON APPAREL,

ANNOUNCING THE FASHION APPAREL SECTOR CAMPAIGN

WESTON, Ontario
February 26, 1993

Thank you, Paul,¹ and good morning ladies and gentlemen.

I am very pleased to be here today to launch a new and critical phase of the Fashion Apparel Sector Campaign (FASC).

We are here at one of Canada's most successful apparel manufacturers, which is affiliated with one of our most important apparel retailers. Weston Apparel and its parent, Dylex, are showing that Canadians have what it takes to succeed in a competitive global economy.

The apparel sector includes a number of Canada's most successful and competitive entrepreneurs, with over 2,000 firms producing virtually every kind of apparel. This sector has been very successful in meeting the apparel needs of Canadians. And exports to the United States have more than doubled since 1988. With highly targeted and aggressive marketing, the men's suits sector, in particular, has been so effective that Canada now leads all other countries except Italy in exports of men's suits to the United States. However, this record is no guarantee that they will be able to continue to succeed in rapidly changing market conditions. The industry has recognized it faces a number of strategic challenges, and is responding.

The Government of Canada and the apparel industry are today launching a sector campaign to help the industry win in a more competitive, more integrated global market. The industry has taken the lead in helping itself make that adjustment. In designing and participating in the Fashion Apparel Sector Campaign, Canada's apparel designers, manufacturers and distributors recognize that there are some strategic concerns that demand an industry-wide response.

I want to say that the structure of this campaign and the industry's commitment to its implementation does credit to the leadership of the industry, in general, and to the Canadian Apparel Manufacturers Institute, in particular. They identified areas where the industry as a whole had to play a much stronger role, and made a proposal to Industry, Science and Technology Canada (ISTC).

The result is a two-part campaign: first, the establishment of the first cross-Canada, industry-wide association -- the Canadian Apparel Federation (CAF); and second, an inter-firm linkages program to improve collaboration among companies. Both the government and industry will contribute to these programs. I am pleased to announce today that the federal government has committed \$6.7 million to the campaign over the next four years.

¹ Paul Mancini, President of Weston Apparel, will introduce the Minister and industry representatives, then turn the podium over to the Minister.

The industry will match this investment and expend even more effort in pursuing these initiatives.

The creation of the CAF will help to position this industry to take advantage of the opportunities that a wider, more open market presents. The government is pleased to be able to provide the start-up financing needed to create this new organization. The CAF will receive \$4.3 million for set up and establishment of common services that will eventually be self-financing. The CAF will work toward improving the industry's market intelligence, quality, training and work force development. In addition, the CAF has a role to play in developing more value-added products and services, through the integration of our independent entrepreneurs into more effective collaborators in success.

The other element of the campaign is the inter-firm linkages program, which will be co-ordinated by ISTC. This program is intended to help the industry improve its collaborative efforts to improve quality, increase market presence and develop new market opportunities. It will provide \$800,000 in each of the next three years for demonstration projects that are intended to show how small, independent Canadian firms can collaborate to win against larger, integrated, international competitors at home and abroad.

Over the next three years, the inter-firm linkages program will demonstrate ways in which inter-firm collaboration can help suppliers, designers, manufacturers, distributors and retailers across the country to strengthen their competitiveness.

In the United States and Europe, buyers are starting to recognize a Canadian "look." The Toronto Designer Fashion Show, held earlier this month, highlighted some of the talent that is developing this look. This look is an important asset that Canadians must use to distinguish our products at home and abroad. Enhancing the collaboration among independent designers, suppliers, manufacturers, and distributors will be needed to exploit this advantage to the fullest. This is what the linkages program will do. Weston Apparel and its working relationship with TipTop Tailors might be a model of what this program could encourage.

There are many other projects in which the linkages program can help the industry pursue its goals. For example, by acting as a catalyst for the development of industry-wide standards of quality and care, the linkages program can ensure better industry-consumer relations. Another project could entail demonstrating to the apparel sector the value of Electronic Data Interchange (EDI), which is sweeping other industries. Similarly, with more effective collaboration, the development and co-operative marketing of recognizable Canadian-designed fabrics could be possible. Equally, the program could help independent

Canadian designers, manufacturers and retailing firms to develop matching and complementary product lines to meet broad demands from U.S. and European customers.

The Government of Canada sees the funding of this campaign as a strategic investment in a highly competitive sector. It is intended to make the sector even more successful as it adjusts to a larger, more competitive marketplace. The federal government's investment in the Fashion Apparel Sector Campaign is one of the ways we are following through on our commitment -- outlined in last December's economic statement -- to invest in partnerships to build industrial competitiveness.

As many of you know, the federal government established the Prosperity Initiative nearly 18 months ago and asked a private sector-led steering group to build a consensus on how to meet the challenges posed by an increasingly competitive global marketplace. The action plan this steering group produced focuses on measures to build competitiveness through the application of technology and innovation. It urges action to improve the effectiveness of education and training. The plan also suggests ways in which every Canadian can have the opportunity to participate fully in the nation's economic life.

I am struck by the degree to which the focus of the sector campaign designed by this industry parallels very closely many of the recommendations in the Prosperity Action Plan. Your focus on training, innovation, inter-company and labour-management co-operation, expanding into new markets and strengthening the role of trade associations all demonstrate this parallel. This industry is showing the way that many others must follow if Canada is to remain prosperous.

Now, ladies and gentlemen, it gives me great pleasure to make the launch of this key sectoral campaign official.

(Minister proceeds to the table to sign the letter of offer.)

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

No. 93/16

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
AT A PRESS CONFERENCE TO ANNOUNCE THE INTRODUCTION OF
ACCESS NORTH AMERICA

TORONTO, Ontario
March 1, 1993

In the fall of 1991, the government launched an unprecedented nation-wide series of consultations to seek the advice of Canadians on how Canada could strengthen its economy and improve its competitiveness. This exercise culminated a year later in the Action Plan of the Steering Group on Prosperity. Today, we are responding in a direct way to the Action Plan's verdict that, as Canadians, we must work to capture a larger share of global markets.

This morning, I am happy to announce the launching of a major new trade program called Access North America. This initiative will increase our exports to Mexico, and these exports will create more jobs.

With the North American Free Trade Agreement (NAFTA) legislation now introduced in Parliament, we have set the stage for new trade and investment opportunities in North America. Access North America will help companies turn those opportunities into sales.

I am here with representatives of the private sector to emphasize that we intend to work in partnership with Canadian business to reach out to firms from coast to coast to deliver key components of this initiative.

Mexico is a fast-growing economy that will need telecommunications products, infrastructure expertise, environmental services, new technology and other goods and services that Canada produces. In 1991, Mexican imports grew by nearly 22 per cent, making Mexico a market of immediate opportunity for Canadian exporters.

Canadian businesses have already begun to increase their presence in the Mexican market. One need only point to the 4,500 business people who last year visited the Canadian Embassy in Mexico City.

These companies and others will face tough competition in the Mexican market. However, with the assistance of Access North America, they can meet the competition head-on and come out ahead.

We have already seen the benefits that the Canada-U.S. Free Trade Agreement (FTA) has brought to Canada in the four years since its implementation. Our exports to the United States are setting record levels month after month.

Last year, exports to the United States rose a remarkable 13.6 per cent, to \$122.3 billion, up \$14.7 billion from 1991. In 1992, we also saw the creation of 118,000 jobs in Canada.

Our experience with the FTA shows that participation in the NAFTA will provide even more benefits for Canada. Indeed, the NAFTA expands our access to the vast U.S. market, specifically in areas such as services and government procurement.

The government's total investment in Access North America will be \$27 million over four years. These funds represent a new commitment by the government.

Let me make one thing clear. Access North America is not just another trade program. In fact, it contains some very innovative components.

I would like to briefly outline some of these components. During the next fiscal year, we will establish the first-ever Canadian Business Centre in Mexico City. This Centre compliments our new trade office in Monterrey that I opened in January.

This Centre will also be unique. It will be equipped to host solo Canadian trade shows and will provide companies with meeting space. Canadian companies will also have access to temporary offices, business support and translation services on site.

Perhaps most significantly, the Canadian Business Centre will operate on a cost-recovery basis, in partnership with Canadian industry, enabling these funds to be applied to the operations and activities of the Centre.

For companies that are new to the Mexican market, we will establish NEWMEX -- or the New Exporters to Mexico Program. NEWMEX will introduce a number of Canadian companies to Mexico through briefings on such topics as customs procedures, shipping, labelling, and financial and legal matters.

NEWMEX follows closely in the footsteps of the highly successful New Exporters to Border States -- or NEBS -- Program that we established some years ago for the United States.

We will also be expanding our Fairs and Missions Program for Mexico because they have a proven track record of success in that growing market. Access North America will add more than 40 prominent events annually.

In addition, we will be expanding our Fairs and Missions Program for the United States in those sectors offering specific opportunities resulting from the NAFTA.

Market information and export education will be key to taking advantage of opportunities in Mexico. Access North America will put into place an extensive program of seminars, workshops, sectoral market updates and market niche studies in locations right across Canada. The objective is to acquaint business with the specific opportunities in that market and equip them with the knowledge to pursue them.

In addition, a wide range of resource materials will be developed to provide government officials with the tools that they need to work effectively with industry associations and exporters.

We are also undertaking programs to capture investment opportunities arising from the NAFTA.

As you can see, Access North America is a bread and butter program. It will be a tool for companies who will see the great potential that the NAFTA creates in Mexico, but who will need some assistance in the basics of this new market.

I have no doubt that Canadian companies will take the plunge and make Mexico a key part of their marketing activities.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

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93/17

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY

THE HONOURABLE MICHAEL WILSON,

MINISTER FOR INDUSTRY, SCIENCE AND TECHNOLOGY

AND MINISTER FOR INTERNATIONAL TRADE,

AT THE CANADIAN EXPORTERS' ASSOCIATION

50th ANNIVERSARY DINNER

OTTAWA, Ontario
February 17, 1993

I am delighted to have been invited again to the CEA's annual dinner.

In this era of increased global competition, partnership between the private sector and the government is essential to success in international markets. This partnership is the essential ingredient that will enable us together to face increasingly severe international competition.

To be effective, this partnership requires a positive, constructive attitude, and that has been the hallmark of the relationship between the CEA and the federal government.

This year, we are celebrating the CEA's 50 years of outstanding service to the Canadian exporting community. We are also here tonight to note the appointment of your new president. I am sure that Mark Drake will lead your association into a second half-century of advancing the interests, goals and values of Canadian exporters. I understand he is out of the country at the moment, but please let him know that my officials and I look forward to working with him.

I would also like to take a moment to reflect on the remarkable career of Jim Taylor and his inspiring contribution to the CEA. Jim was a dauntless crusader for exporters, both as a trade commissioner for 30 years and as head of your association. As CEA president, he made sure that exporters' concerns and opinions were always known to our government. His energy and intellect will be missed in the exporting community and in government.

For 50 years, your association has been working to improve the climate for companies involved in the international markets. During these 50 years, we have witnessed a veritable explosion in international trade.

As we strove to create an environment where Canadian exporters could realize their potentials, the CEA showed strong support for the government's trade policy initiatives when that support was needed most. I am talking about the Free Trade Agreement (FTA) with the U.S., the negotiations for a North American Free Trade Agreement (NAFTA) and the completion of the Multilateral Trade Negotiations (MTN).

I know that many of you share my concern over the many delays in the Uruguay Round of trade negotiations. Canada, and the whole world for that matter, need the economic impetus that a General Agreement on Tariffs and Trade (GATT) would bring. While there are still storm clouds over the negotiations, all parties involved are aware of the need for this Round to succeed.

At a January 19 trade negotiations committee meeting in Geneva, we felt there was a clear sense of determination -- a recognition by all participants that the end is in sight and is achievable. U.S. President Clinton's recent announcement that he will seek an extension of the fast-track authority is another reason for hope.

I stressed Canada's commitment to the Round in my meetings recently with the new United States Trade Representative, Mickey Kantor. Ambassador Kantor was concerned that a protectionist label had been put unjustifiably on the new administration. But from our meeting, I believe that he and his administration are clearly in favour of an open trading system.

While Canada can only marginally affect the outcome of the world trade talks, we can go far in the field of market access, trade rules and enhanced competitiveness -- both through the NAFTA and right here in our own domestic market.

As exporters, you know the benefits of eliminating international trade barriers. But as Canadian business persons, you also know the benefits of eliminating interprovincial trade barriers. You know that a more integrated and open internal market will improve industrial competitiveness.

The Committee of Ministers for Internal Trade discussed a plan of action when we met in Toronto in December. As a first step, we agreed to recommend to our respective cabinets that we launch a comprehensive negotiating process. Our goal will be to achieve a broad agreement, by June 30, 1994, for a more open and efficient internal market. As I said earlier, this will enhance our ability to tackle opportunities in the North American and world markets.

We are already making significant inroads in expanding our trade with Mexico. Canadian business interest in Mexico is at an unprecedented level because of the exposure given to it during the NAFTA negotiations. The government is also taking steps to help you capitalize on new opportunities with our new North American partner. Last month, for example, I had the pleasure of opening a Canadian trade office in Monterrey. All this is happening even before the implementation of the NAFTA.

I expect that the NAFTA legislation will be ready for introduction toward the end of this month, and we will proceed with a view to bringing the agreement into force on January 1, 1994.

Moving toward that goal, the whole country will be focused on the question of whether or not we can compete in the expanded North American marketplace. As members of the CEA, you know the answer to that question. You know that Canada can compete -- that there are great opportunities to expand our export success story beyond the United States and into the burgeoning market of Mexico.

I urge you, through all the means at your disposal, to communicate that message wherever you can. Canadians must believe in themselves and their ability to compete. A positive, confident attitude is essential to every enterprise, both personal and corporate. A positive vision of the future is also essential for Canada as a nation to take the steps necessary to keep us competitive on the world stage.

essential for Canada as a nation to take the steps necessary to keep us competitive on the world stage.

As you know, that was the impetus behind the Prosperity Initiative that I launched a year and a half ago. Working together, the government and the private sector engaged in one of the most comprehensive national series of consultations ever undertaken. The Prosperity steering group's recommendations will, hopefully, be the basis for concrete action by both the government and the private sector.

The whole approach to this initiative has been one of partnership. It envisages a major role for the private sector, as well as more focused government support. As a government, we were told to eliminate duplication; to provide export incentives and financing to match the global competition; and to generate market intelligence on a timely basis through the Trade Commissioner Service.

We also heard the strong desire for a co-ordinated global trade, investment and technology strategy, led by the private sector. Such a strategy could double the number of firms exporting within the next three years.

At the heart of our competitiveness challenge, of course, is the need to improve the quality of Canadian education and training. A specific response to this need has been the provision by the government of a further \$4.3 million for the newly created Forum for International Trade Training (FITT).

This program involves the participation of educational and business institutions across Canada, and should materially help to make this country more export-ready.

In the same vein, I am committed to upgrading the skills of the officers who work for you, the exporting community, within External Affairs and International Trade Canada. The Foreign Service Institute, which began operations this year, will ensure that our officials are in tune with the international business scene and the needs of Canadian exporters. Indeed, our latest class of trade commissioner recruits is among us tonight, to begin networking with the exporting community.

Looking at the future, we must find ways to remain competitive, both domestically and internationally, in a world of constant change. The private sector must increasingly rely on its own strength to penetrate new markets. The government will do its part to open the doors of these new markets, but it is you in the private sector who must take the initiative of entering them.

Naturally, the federal government will try to provide whatever assistance we can to help Canadian business take advantage of the market opportunities created as a result of our trade policy initiatives. In that vein, I plan soon to announce further program enhancements for the North American market. This, I

recognize that our resources are extremely pinched and that our efforts must be carefully targeted.

The private sector has been asking that government market development programs be made more effective and accessible. In particular, you asked that we concentrate our efforts on program delivery abroad by providing export incentive programs and export financing to meet the global competition.

There was also stress on the need for timely market intelligence. In this regard, I would wish to have your views on where our priorities should be -- on funded programs or on market intelligence. You can help us by telling us what your needs are and by providing feedback on the usefulness of the information that is being provided.

Last September, I convened a meeting of our trade commissioners in Ottawa to examine issues that are integral to the current mandate and future relevance of the Trade Commissioner Service. Work has already begun on three of the key issues that were identified. One of these issues is market intelligence, to which I have just referred. In addition, working groups are currently examining the issues of "best practices" and level of services.

In response to the private sector's desire to see the trade development programs and the efforts of the government made more effective, we have created the International Trade Business Plan. This Plan summarizes the activities and projects that the federal government intends to undertake to support the development of international affairs.

This Plan is designed as much for you as for the government. From our point of view, it will lead to more rational ways of using the government's resources in pursuit of our interests on the international markets. From your point of view, it will allow you better to align your own priorities and plan the activities that you would like to carry out jointly with us. The Plan has been the subject of discussions with your association and the private sector in general; the second version, now being prepared, will generally reflect the views you have expressed.

With respect to export financing, all our consultations with the private sector have stressed the need to keep our financing and insurance instruments competitive. The Export Development Corporation (EDC)'s client surveys also indicated the need for enhanced services. As a result, the government will soon be introducing amendments to the Export Development Act. The intent of this Bill will be to re-define the Corporation's mandate in a way that would give it greater flexibility to support Canadian international business activities.

Our proposals for change to the EDC's governing legislation have been designed to allow the EDC to support you as you face the challenges of globalization in an increasingly competitive world.

Our proposals for change to the EDC's governing legislation have been designed to allow the EDC to support you as you face the challenges of globalization in an increasingly competitive world.

While the EDC would continue to provide the insurance, bonding and financial services for which it is currently known, the Corporation would also be able to offer new types of insurance and financing arrangements that have been difficult or impossible to provide under the current Act.

The intent is not to compete with private sector financial institutions, but rather to complement them, thereby enhancing the financing available to you.

Some of the specific areas that we are looking at include better pre-export financing, broadened insurance coverage and enhanced project financing and leasing support, as well as a streamlined Canada account approval process.

The proposed changes should serve to meet your needs more effectively. I encourage you to share these needs with us. We shall keep you abreast of new proposals by way of the EDC. Thus, we will be able to provide you with complete services, comparable with those of our foreign competitors, and help you to compete more effectively with them.

With regard to the Program for Export Market Development (PEMD), with which you are all familiar, the Program underwent a fundamental review last year. The private sector across the country was consulted, as were the provinces.

When we asked users what they thought was needed from PEMD, the answers were clear: the Program required assured support on a longer term basis and reduced administrative burdens for its clients.

The revised PEMD will be a risk and benefit sharing partnership between the government and the private sector. The fundamental concept will be that of market development strategies. Instead of requesting assistance on a single activity basis, companies will be able to apply for assistance for a number of activities. PEMD will then provide longer term assistance for the export strategies that these companies have developed.

Despite all these efforts, more remains to be done to help Canadian firms to prosper in an increasingly competitive international environment.

Let me use Japan as a microcosm of what we need to do to succeed internationally. Japan is a market where we have usually done quite well, but now find ourselves struggling for market share. Canada's exports to Japan, our second largest market, dropped by over \$1 billion in 1991 and recovered only slightly in 1992.

Lower commodity prices are certainly a factor, but it has been clear for some time that long-term opportunities for Canada's lesser-processed, traditional exports will remain flat, while Japan will continue to increase its imports of value-added products.

At the same time, a number of Canadian companies are experiencing real success in the Japanese market for specialized manufactured goods and services.

The Canada Japan Forum 2000 report recommended that Canadian business keep abreast of demand side changes in Japan, which are creating opportunities for exporting higher value-added products.

We will have to figure out how to improve our export offer through better product design or adaptation for the Japanese market, and then how best to promote our offer in Japan. To do all this, we will need the combined efforts of leaders in foreign markets, such as you, to map out strategies for collective actions to complement what each of you needs to do individually.

I do not have to tell you how tough the competition is out there. But I think the picture is clear. We have to fight like hell to hold our market share in our traditional export markets. So, to improve our standard of living, we must use our best talents to build market share in value-added products.

Well, 1992 was a busy and challenging year. 1993 will no doubt bring many more challenges and changes. There are obstacles in the road ahead, but I am confident that we have turned the corner and are about to embark on a new era of Canadian economic prosperity. The key is partnerships.

Partnerships are required among all active players. As members of Team Canada, we have a multitude of talented, innovative players who have made a strong impression on the world stage and sounded the clarion call of Canadian innovation and expertise. The CEA is particularly well positioned to contribute to a stronger private sector -- government partnership.

I look forward to continuing our work together in building Canada's future.

Thank you.

[Statement]

News Release

Secretary of
State for
External Affairs

[Déclaration]

Communiqué

Secrétaire d'État
aux Affaires
extérieures

93/18

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
TO THE
TO THE HOUSE OF COMMONS

"HUMANITARIAN ASSISTANCE
TO THE FORMER YUGOSLAVIA"

OTTAWA, Ontario
March 8, 1993

Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

The war in the former Yugoslavia seems to be unparalleled in terms of the complexity of the political, economic and ethnic forces involved. It continues to severely challenge the international community and we continue to search for effective ways of responding to this crisis.

We must cut to the very root of this tragedy. We must bring this war to an end. We must stop further bloodshed. We must convince all parties involved that the use of force will lead nowhere. The parties must realize that they will have to live side by side after this is over. They must realize that no peace can be brought about by the imposition of military might.

Intense negotiations have taken place in New York over the past several days. These are expected to resume toward the end of this week. They show signs that at least some of the parties are seriously interested in a negotiated settlement. Lord Owen and Cyrus Vance have produced over the months, and with much dedication, a comprehensive package. This should form the basis of new political, security and territorial arrangements for Bosnians. This is the only proposal available to the parties and they must all negotiate seriously on this basis.

We have been active with the parties, urging them to find a meaningful and fair compromise. This is precisely the message that our Ambassador to the UN delivered to Dr. Karadzic, on my instructions, last Friday. Any party that stands in the way of a political compromise will face further international condemnation and isolation. We are ready to do whatever we can to help the difficult search for peace.

That includes, of course, the provision of humanitarian assistance until this horrifying and tragic war is ended. Canadians continue to demonstrate their solidarity and their compassion for those who have been forced to suffer all forms of human degradation -- and our government will continue to provide support for these unfortunate people.

To channel this humanitarian assistance, we have chosen to utilize international relief organizations. We have disbursed over \$25 million through the United Nations and other organizations. The UN High Commission for Refugees (UNHCR), UN Children's Fund (UNICEF), World Health Organization, World Food Program, UN Department of Humanitarian Affairs, UN Volunteers, International Committee of the Red Cross, and International Federation of Red Cross and Red Crescent Societies have been our agents.

We have intentionally chosen to let those with expertise and objectivity assess the requirements. We have consistently told these organizations that our intention is to help those most in need with what they most urgently require.

We know this is not sufficient. We know that governments and public institutions in the region are barely capable of coping with hundreds of thousands of refugees and displaced persons. The economies of these countries have suffered greatly.

We have addressed what we believe to be the number one priority: to help those who have been expelled by warfare and to counter the ignominious practice of "ethnic cleansing."

First and foremost, we must ensure that people receive food, medicine and shelter. But we must also deal with the social and emotional legacies of war.

In December 1992, and again last Friday, I announced a specific grant to assist the victims of sexual violence. Canadians have been outraged by the rape and sexual assault of women and children in this war. The victims of these repugnant crimes require our urgent assistance. Both the Minister Responsible for the Status of Women, the Honourable Mary Collins, and myself indicated on Friday that Canada will provide a further \$1.5 million to address these needs. Our contribution will help the UNHCR and UNICEF provide women and children with medical supplies, rape-trauma counselling services, food, clothing and shelter.

Today, I am pleased to announce a further contribution of \$9.5 million in response to the ongoing international appeals. We will help the World Food Program, the International Committee of the Red Cross, the International Federation of Red Cross and Red Crescent Societies and UNICEF continue their activities.

This new contribution underlines Canada's continuing concern for those who are suffering. By channelling our assistance through these established agencies, we know that we are addressing identified shortages. We know that our contribution will be directed to and received by those most in need.

As this House knows, the Canadian Forces are present on the ground in Bosnia as part of the United Nations Protection Force. Our troops, a battalion of the Royal Canadian Regiment, have already begun the task of ensuring safe delivery of humanitarian assistance in Eastern Bosnia. Our Forces have also brought large quantities of food and medical supplies by air to Sarajevo during more than 354 missions. Our men and women operate under the most hazardous of conditions with great commitment and bravery, and they are a credit to all Canadians.

The Americans have chosen to drop supplies from the air, to reach villages isolated for months from any relief. This is a commendable initiative that will supplement what is being done by land. We fully support them in their efforts.

But we know that humanitarian assistance by itself will never be enough. Canada will continue to explore all means for bringing a quick and lasting end to this tragedy.

We cannot allow the world to disintegrate once again into the basest forms of inhumanity. We must take the lessons of this century and put an end, once and for all, to the festering hatreds that continue to fuel the fires of war in the former Yugoslavia.

Statement

Secretary of
State for
External Affairs

Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/19

AS DELIVERED



AN ADDRESS BY
THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
AT THE MEETINGS OF
THE UNITED NATIONS ENVIRONMENT PROGRAM
TO THE
CONVENTION ON BIOLOGICAL DIVERSITY PANEL OF EXPERTS

MONTREAL, Quebec
March 18, 1993

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Affaires extérieures et
Commerce extérieur Canada
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Canada

Thank you, ladies and gentlemen.

It is always a pleasure to welcome international meetings to Canada, but it is a particular pleasure to welcome this one. We are proud of the leading role that Canada has taken to advance the Convention on Biological Diversity during the United Nations Conference on Environment and Development (UNCED) process. We are also glad that we now have the opportunity to build on that success by hosting your discussions here in Montreal.

This city, in fact, is a very appropriate place for these meetings -- and not just because Montreal is an accomplished host and a city with a truly international outlook. It was the wealth of biological riches that built this city. Furs, agriculture and forest products contributed to the building of this city and this country -- a process that continues today. Montreal's economic base now includes a major pharmaceutical sector, which is also linked to our biological wealth.

What is true in Montreal is also the case in community after community across this country. While we support the work to maintain biological diversity for its intrinsic value, it is not simply a matter of altruism and scientific concern. It is also a matter of economics. It is a matter of jobs. Biodiversity creates tangible benefits for people. That reality reinforces the position that we have taken on the issues of biodiversity.

This evening, I would like to make the economic case for biodiversity. Some object to basing the case for biological diversity on the calculus of jobs and income. I disagree. From my perspective, biodiversity is too often a subject for debate among the already convinced. To broaden understanding and support, it will be vital to underline the relationship between continued biodiversity and the increased economic health of mankind.

The history of Canadian economic life is a history drawn from our biological riches. Although our economy is now highly industrialized and has a massive service sector, we remain tied to our biological resources for a high proportion of our wealth.

Seventy billion Canadian dollars per year: that was the dollar value of the benefits realized by Canadians from our biological resources, according to one federal government study. That \$70 billion is calculated from a wide variety of factors, but the point is clear. Biodiversity underpins our economic well-being in ways both large and small.

For example, wildlife activities in Canada contribute \$6.5 billion to our gross domestic product, but without biological diversity and necessary habitats, much of that income would disappear. Jobs would become extinct and the potential for many more in the future would disappear.

There are new industries developing that depend on the preservation of our biological heritage. In Canada, we know that the international image of Canada is tied to our natural heritage. People as near to us as the United States come to Canada in the expectation of finding an unspoiled, natural paradise long gone in their own countries. In response, Canada has a rapidly growing ecotourism industry with a value of over half a billion dollars already.

The growth of this industry is one of the ways in which we can place a tangible value on biological diversity, especially in regions where people need new sources of employment.

A fundamental aspect of our approach to UNCED was that linkage between our environmental concerns and their economic implications.

The proof is as near as our Atlantic coast. Those waters have been fished continually for over five hundred years. This year, virtually no one fishes there. We have placed a moratorium on fishing for Northern Cod over much of our East Coast. We have done so to allow the species to replenish its numbers. We have had to take this action because the risk of destroying a major ecosystem was so great.

That is an ecosystem that includes people. As a result of the crisis in the Northern Cod fishery, approximately 20,000 Canadian fishermen and plant workers are unemployed. Thousands of others in the region have also been affected. More than 400 communities depend on that resource, and they have learned first-hand the importance of maintaining biologically healthy, natural regions. They have come to understand that biological resources have to be maintained for the long term.

This situation did not occur overnight. The warning signs were evident. We worked to prevent this crisis by domestic and international means. One of the major focuses of our work was to stop the indiscriminate overfishing of the waters beyond Canada's 200-mile limit.

We went to UNCED determined to see order brought to the high seas. In the end, with the active support of dozens of other countries, we succeeded in including a commitment to an international conference with a view to implementing the Law of the Sea Convention provisions on straddling and highly migratory fish stocks in Agenda 21. We want a management regime based on sustainable development, not short-term thinking. We want a management regime that ensures sustainable jobs and a healthy ecosystem.

Through negotiations, we are on the way to that result. However, thousands of people in Canada and in other fishing countries face uncertainty, because our beneficial long-term relationship with a healthy ecosystem was not respected.

The Grand Banks of Newfoundland, that incredibly fertile ocean region, may yet regain its former vigour. Its biological diversity may yet rebound, but now it serves as a stark example of how the abuse of productive ecosystems cannot be sustained for long. It underlines that our long-term economic health is tied to our stewardship of the environment.

That link between productive ecosystems, economic benefits and stewardship is no less true in Canadian forests.

Forests cover half of Canada's land mass and they account for some 10 per cent of the world's forests. Our forest industry contributes \$20 billion to our gross domestic product. It is an industry that has made great strides in improving its practices to lessen its environmental impact. Long gone are the days when entire forests in Canada were cut down with no thought to the future. We wish that that were true everywhere.

At UNCED, we achieved a Statement of Principles on forests after a long and difficult debate. That Statement is grounded in the belief that the careful use of forests provides a continual regeneration of jobs and prosperity.

In Canada, there are approximately 350 communities that are dependent on forests. Some 670,000 jobs exist because of the forest industry. Those jobs depend on maintaining healthy forests. The people who work in our forests understand that maintaining biological diversity is not simply about general benefits. It is not just about intrinsic values. It is about maintaining jobs and communities over the long term.

Governments across Canada and the forest industry itself are committed to ensuring that the richness of our forests remains part of our heritage forever. We are taking steps to work with other countries, through our Model Forests Program, to improve forest management processes so that they too might reap the same benefits.

I should note that the benefits are often far more than just lumber or paper. One of the best examples comes from our own Pacific coast.

The Western Yew was traditionally an unwanted tree species in our forest industry, because it does not grow very tall and its trunk tends to twist. However, we now find that its bark has a compound, Taxol, that appears to be an important agent in fighting cancer of the breast, ovaries and lungs.

Suddenly, this tree has gone from being virtually worthless to being extremely valuable in economic terms in a matter of months.

Some environmentalists blanch at the thought of using economic tools to encourage the maintenance of biological diversity. In ignoring self-interest, they ignore one of the most powerful tools for good. Their belief in the power of altruism is not misplaced, but most ecosystems will not be saved by altruism alone.

Through finding means of ensuring that people, communities and states have reasonable and legitimate means of owning and benefiting from the economic potential of their ecosystems, we can do a great deal to save biological diversity. Recognition of that fact is a major strong point of the Convention.

We believe that, if biodiversity is to be maintained, people must recognize their stake in it. If that stake is the expectation of ongoing economic benefit, then we may find even more success than through well-meant international commitments.

We need tools that underscore an important fact. Maintenance of biological diversity is critical to the economic health of human beings. We cannot replace all that nature provides for free. We cannot understand the complex web of species relationships that we count on for our daily bread. We cannot assume that people will do what is necessary to preserve diversity, unless we show them how they too will gain.

I recognize that economics is not the only tool available in achieving our goal of maintained biological diversity, but the most significant result of UNCED was the linkage between our environmental needs and our economic ones.

People genuinely understand that they are part of a much larger web of species. The essence of sustainable development is no different in Montreal than it is in a rain forest village. We need to see our ecosystems and their resources in a way that permits long-term use, as appropriate, and long-term stability.

We must encourage people to understand their long-term stake in biodiversity, and we must encourage them to maintain that diversity.

I wish you all the best in your discussions over the next few days. I am pleased that Canada continues to play such a leading role in this process, and we extend our commitment to continue to do so.

Thank you.

Statement

Secretary of
State for
External Affairs



Déclaration

Government of
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Secrétaire d'État
aux Affaires
extérieures

93/21

AS DELIVERED

AN ADDRESS BY

THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
TO THE INTERNATIONAL MEETING OF EXPERTS ON THE
ESTABLISHMENT OF AN INTERNATIONAL CRIMINAL TRIBUNAL

VANCOUVER, B.C.
March 22, 1993

Canada

Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Vancouver's role as an important international city is emphasized by not one but two significant international meetings -- the North Pacific Co-operative Security Dialogue at which I spoke last night, and the International Centre for Criminal Law Reform and Criminal Justice Policy.

I would like to congratulate you on this initiative, and also welcome the many distinguished individuals who have come to Canada, to Vancouver, to discuss a subject that has major implications for the concept and conduct of international law.

The idea of an international criminal court is not new. There have been war crimes trials dating back to the Middle Ages, when military leaders who allowed their soldiers to commit inhumane acts against innocent civilians were tried for violating the "laws of God and man." Early in this century, the League of Nations called for the creation of an international criminal tribunal to make terrorists accountable for their criminal acts.

The horrors of World War II prompted the establishment of the Nuremberg and Tokyo military tribunals to prosecute those responsible for war crimes and crimes against humanity.

As a member of the Tokyo Tribunal observed: "War is and always has been a crime in the eyes of reason and universal conscience, expressions of natural law upon which an international Tribunal can and must be based."

The Nuremberg tribunals created a landmark in international law by firmly establishing an important principle -- that there are some acts that so grossly violate the norms of behaviour accepted by the international community, that international law imposes individual criminal liability on their perpetrators.

Four decades have passed since the Nuremberg Tribunals were dissolved. During that period, some took a stab at the establishment of a permanent international criminal court continued within the United Nations. Sadly, the international community ran into a wall of defeatism and a lack of political will, to agree on the creation of an international tribunal to bring to justice those guilty of violating fundamental norms of international law.

Over the past two years, however, events in the former Yugoslavia have shocked the international community out of its lethargy. Evidence of atrocities is too graphic to ignore any longer. We have all seen the heart-rending reports of those who have seen the bullets, the detention camps and the mass graves, or experienced the systematic rape and torture.

Canada is dedicated to a resolution in the former Yugoslavia, through peacekeeping, humanitarian assistance, monitoring missions and all those other things we do as well as we can in

the circumstances. But still, the violence, the senseless killing, goes on. We must surely, then, contemplate other steps.

We know an important deterrent to criminal acts of any sort is the sure knowledge that perpetrators will be prosecuted, reviled and punished. In the former Yugoslavia, however, authorities are despised as lacking the ability or the will to confront these perpetrators, or as incapable of conducting trials of the perpetrators effectively and impartially.

Accordingly, at the London Peace Conference last August, Canada called for the establishment of an international tribunal to bring to justice those who violated the most fundamental of international humanitarian law in the former Yugoslavia. We were joined in this call by other members of the London Conference, who agreed to "take all possible legal action to bring to account those responsible for committing or ordering grave breaches of the Geneva Conventions." At last, the consensus necessary to establish an international court to prosecute those accused of international crimes is finally emerging. The need for a permanent international criminal court has become more obvious in the face of the growing need to respond urgently to these and other crimes, and to the demands of world public opinion for concrete action.

At the forty-seventh session of the UN General Assembly, I called for the drafting of a statute by the International Law Commission to establish an international criminal court. The potential long-term deterrent effect of such a body could be considerable. However, at the General Assembly, it became discouragingly clear that this could not be realized in the immediate future, and that the court's role in dealing with Yugoslavia-related war crimes would be marginal. Surely, the situation in the Balkans demands more urgent action.

Consequently, I have strongly advocated the establishment of an ad hoc tribunal for offences committed in the former Yugoslavia.

At the Conference on Security and Co-operation in Europe (CSCE) ministerial meeting in Stockholm last December, I called on my counterparts to acknowledge the principle of personal accountability for international offences, and to endorse the creation of a tribunal to bring this principle into effect.

The idea of establishing an international tribunal for the former Yugoslavia has been steadily gaining momentum since that time. One month ago today, the Security Council decided to establish a tribunal for the prosecution of those responsible for serious violations of humanitarian law in the former Yugoslavia. While the Security Council Resolution does not contain details for the institutional framing of the tribunal -- composition, procedures, location, jurisdiction -- it does require the Secretary-General

to report back in 60 days on how the tribunal might function. The Secretary-General faces a daunting task, but it is my fervent hope that the work of this conference will assist.

This meeting of experts from such a broad global base has before it the proposals of the French and Italian Commissions, and of the CSCE Special Rapporteurs on Croatia and Bosnia-Hercegovina for a draft statute of an ad hoc tribunal. You also have the extensive work of the International Law Commission on the question of a permanent international criminal court.

This conference can consider these proposals, and recommend the most appropriate functioning of an ad hoc war crimes tribunal for the former Yugoslavia. It is essential to create a neutral, objective tribunal that takes into account different judicial systems and ensures that fundamental principles of law and criminal procedure are applied and respected.

At the same time, it is also essential that states consider concrete measures to ensure that the tribunal has the financial and human resources necessary to function. Canada is considering ways in which we may offer assistance to the ad hoc tribunal.

Fundamentally, the solution ultimately lies in bringing the conflict in the former Yugoslavia to an end, but also, in bringing those responsible for committing inhumane acts to justice. But we cannot forget the imperative to relieve the suffering of innocent victims. Canada recently announced a contribution of \$1.5 million in humanitarian assistance for women and children who are victims of sexual violence and other atrocities of war in the former Yugoslavia. This special assistance will be channelled through the United Nations High Commissioner for Refugees and the UN Children's Emergency Fund.

We also actively seek to ensure that the UN Commission of Experts, charged with the gathering of evidence of war crimes and other breaches of international humanitarian law in the former Yugoslavia, has the resources to do its job. I urge other states to do the same.

Of course, the urgency of establishing an ad hoc tribunal to deal with the situation in the former Yugoslavia cannot deter us from our long-term goal of establishing a permanent international criminal court. Indeed, the ad hoc tribunal can only be, at best, a stepping-stone to that goal.

A permanent court would provide a standing mechanism, capable of responding to events quickly and decisively, as they occur. It would strengthen the principle of universal jurisdiction over individuals for international criminal acts, and ensure that individuals cannot act with impunity in violating fundamental norms of international law.

In establishing a permanent criminal court, the international community would vigorously counter the unwillingness or incapacity of some states to prosecute international crimes, and would place them under the jurisdiction of an independent juridical body.

Canada welcomed the decision by the forty-seventh session of the United Nations General Assembly to mandate the International Law Commission to draft a statute for a permanent international criminal court. Through its diligent work over the last 10 years, the ILC has conscientiously built a base for consensus on the creation of a permanent court. We are now able to see more clearly how such a Court might be created, how it would be composed, its jurisdiction, the laws it would apply, and how international offences would be prosecuted. I hope the work of this historic meeting of experts will move us all closer to achievement of this consensus.

I have no illusions about how quickly we can put together an effective system of permanent, international legal controls. But the urgency of addressing ongoing atrocities in the former Yugoslavia has heightened international outrage. The creation of an ad hoc tribunal to try those responsible for atrocities in the former Yugoslavia may well hasten the international community to finally establish a permanent international criminal court.

We are now in an era where the relative stability of the two-power, ideological, cold-war environment has been replaced by the turbulence we see all around us. This period, marked by escalating violence and discord in many parts of the world, is also characterized by an increasing willingness on the part of the international community to seek multilateral solutions to the problems of an interdependent world.

Greater adherence to the international rule of law is an important element in managing that interdependence. The establishment of an international criminal court would promote greater respect for the law, and greater civility in dealings between nations and individuals. Most important, it would establish a fundamental moral vision of the future.

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Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/22

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
SECOND READING DEBATE ON
BILL C-115 (THE NAFTA IMPLEMENTATION ACT)



OTTAWA, Ontario
March 25, 1993

Mr. Speaker:

Canada's brighter economic prospects today are making news everywhere. Our economic indicators are confirming remarkable strength.

Eight and half years ago, when this Government first took office, we recognized that the world was changing. We recognized that the transformation to a more integrated, global economy was accelerating, that Canada needed to respond. And so, we developed and implemented a comprehensive plan of action.

Through privatization, de-regulation, tax reform, and fiscal control at home, and through a progressive, outward-looking trade policy centred on the General Agreement on Tariffs and Trade (GATT), the Canada-U.S. Free Trade Agreement (FTA) and now the North American Free Trade Agreement (NAFTA), the Government has constructed a solid, dependable framework on which Canada's economic future can be built.

We assembled our program through the 1980s, with perseverance and careful co-ordination, during one of the longest periods of uninterrupted growth this century.

That growth stalled at the decade's end. Our markets shrank, as the economies of our trading partners shrank. We entered a difficult period. Canadians had to make difficult adjustments.

Our policies helped Canada weather that difficult time. Without our comprehensive program of reforms, the impact of the global recession on Canada would have been much more severe.

Today, we are better positioned than we would ever have been to catch the next wave of strong economic expansion.

The Bill before us today, when passed by Parliament, will affirm Canada's foresight in negotiating the North American Free Trade Agreement.

When, with the approval of the three countries, the Agreement enters into force on January 1, 1994, the NAFTA will provide Canadians with a strengthened base from which to tackle the rugged terrain of the global marketplace.

The removal of trade barriers with Mexico, when coupled with the market opening achieved under Canada-U.S. free trade, will open to us a dynamic marketplace, 360 million strong.

The NAFTA will open up the Mexican market to Canadians like never before. Tariff barriers, import licences, investment restrictions, trade balancing requirements and other barriers to Canadian exporters of goods and services will be removed.

Mexico already enjoys open access to the Canadian market. In fact, almost 80 per cent of Mexican goods now enter Canada duty-free, so today we have effectively one-way free trade.

The improvement in market access under the NAFTA is much greater for Canadian goods going to Mexico than for Mexican goods coming here. In terms of trade barriers, Canada is dismantling the equivalent of a picket fence. Mexico is hauling down a stone wall.

In agriculture, we will realize significant new opportunities to serve the growing Mexican market for food of all varieties, from fish and processed foods to apples and barley.

In transport, trucking firms and bus operators will have new access to Mexico. Canadian truckers will be able to serve the entire North American market, picking up goods in the U.S. for delivery to Mexico, and adding U.S. goods to their Mexican cargoes for delivery back to Canada.

In financial services, Canada's banks will be able to make major investments in the Mexican market, providing new outlets for Canadian financial expertise and rock-solid growth potential, which has so distinguished Canadian financial institutions around the world.

For Canada's high-technology industries, the immediate removal of Mexican duties on telecommunications equipment will provide a major opportunity for this highly competitive sector.

The NAFTA will eliminate Mexico's trade restrictions in the auto sector, which have been a major impediment to the sale in Mexico of Canadian vehicles and auto parts. This will set right the current imbalance, whereby in contrast to Mexican restrictions, around 90 per cent of Mexican automotive exports enter Canada duty-free. Access to Mexico -- the fastest-growing auto market in North America -- could not have been secured at a better time for Canadian employers and employees of this vital sector.

I have time to mention only a few examples of the opportunities created by opening up the Mexican market to Canadians. Whether it be urban transportation equipment, pollution abatement and monitoring technology, or oil field services and equipment, the opportunities we negotiated for Canadians are numerous.

Improving the FTA was another of our objectives in the NAFTA. And we succeeded.

We strengthened the system for settling trade disputes.

We made the rules of origin clearer and more predictable. This will mean that disputes over the full North American content of Canadian-built Hondas should be a thing of the past.

Disciplines in the Agreement will help ensure that standards are not used as disguised protectionism.

Canada won expanded access to the U.S. market for textiles and apparel by negotiating special quotas that are higher than in the

FTA. This will permit Canadian textile and clothing makers to further expand their export sales, which have already increased substantially under the FTA. Canadian apparel exports have increased by over 150 per cent since the FTA was implemented; Canadian fibre exports have also grown by almost 90 per cent. Canadian fabric and other textile product exports show an increase of over 50 per cent. NAFTA will provide even greater headroom for growth.

We also strengthened energy provisions through the NAFTA, obtaining stronger disciplines on U.S. regulators from interfering with freely negotiated contracts between Canadian exporters and U.S. buyers.

And we negotiated a very attractive government procurement deal. For the first time, suppliers of Canadian building materials will have competitive access to U.S. and Mexican government construction contracts. For the first time, Canadian service providers will have access to U.S. and Mexican government service contracts. Moreover, the U.S. has agreed to lift the Buy America restriction on loans provided under the rural electrification administration, a contract pool amounting to US\$1.5 billion a year. And even more exciting for Canadian firms, the U.S. under the NAFTA will waive the Buy America restrictions on contracts let by the Army Corps of Engineers, which last year -- by itself -- ran up almost US\$9 billion in procurements.

We entered the negotiations intent on making improvements to the FTA, and we did.

The NAFTA also gives a new edge to Canada's international competitiveness. It will enhance Canada's attractiveness as an investment base from which to serve all of North America.

Canada had a choice when it entered the negotiations. We could have stood back and let the United States and Mexico sign a deal by themselves. Such an agreement would have given a tremendous advantage to the U.S.: the U.S. would have been the only country with barrier-free access to all of North America. Under those circumstances, the decision of investors wanting to gain access to the entire North American market would have been obvious, to locate in the U.S.

Instead, we made the right decision, and that was to become a full partner in the wider North American market.

In addition to the significant market opening to Mexico, the provisions for services and investment will support hemispheric business planning and economies of scale, significant advantages in today's global economy.

With the prospects of the new, larger market in view, Canadian industry is already responding to the potential of the larger market. Canadian firms are demonstrating the entrepreneurial daring essential to our prospects as a pre-eminent trading

nation. They have been active in trade missions in Mexico in unprecedented numbers, making contacts, finding partners and signing deals. Our embassy in Mexico received 4,500 Canadian business visitors in 1992, eager to find new customers and partners in the Mexican market -- up from approximately 1,000 in 1990.

The NAFTA is clearly widening Canadian horizons. It's giving us a bigger stage on which to demonstrate and prove our economic expertise and leadership.

Our capacity to manoeuvre in the global marketplace will be even more enhanced with the successful completion of the Uruguay Round of Multilateral Trade Negotiations under the GATT, which remains Canada's top trade priority.

In the meantime, the NAFTA is fully compatible with GATT rules and raises no barriers against other trading nations. It extends free trade on a regional basis.

This approach has received the support of the GATT Secretary-General Arthur Dunkel, who said last year:

Multilateralism and regionalism can co-exist; better, they actually reinforce one another.... The founders of the GATT never thought to place global and regional approaches to trade liberalization in opposition, but considered them to be two sides of the same coin.

Canadians can venture into new markets assured by the growing evidence of our increasing export success. Last year was an outstanding one for Canadian exports. It is the export sector that is leading the way in the current expansion.

Merchandise exports for 1992 reached record levels of \$157.5 billion. That's an 11-per cent increase over the previous year, and it is the largest year-over-year increase since 1984.

The increases in our exports to the United States alone were even greater. Sales to the U.S., our largest market, were \$122.3 billion, a 13.6-per cent increase over 1991.

The picture continues to get better. Our monthly exports soared to \$14.6 billion in January, 16 per cent higher than the same month last year.

Exports to the United States in January were more than \$2 billion higher, a 22-per cent increase over the previous year.

Our world trade surplus jumped a remarkable \$898 million to reach \$1.9 billion in January alone.

When I see figures like these I have to wonder how long the honourable members opposite can continue to criticize the Canada-U.S. Free Trade Agreement.

Blaming every sparrow that falls on the FTA is no longer credible -- and gets even less credible with every new report on Canada's economic performance and outlook.

The English historian Macauley said:

Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular.

He meant that no country ever pursued free trade without resistance from entrenched interests. But the entrenched interests cannot fool all of the people all of the time. They can neither hide the evidence, nor ignore it. All their diversionary tactics and fearmongering rhetoric cannot bury the truth. The benefits of the FTA, buttressed as they are by our economic reforms, are emerging in the form of hard economic figures that cannot be denied. Evidence of the value of our policies are there for Canadians to judge for themselves.

I am confident that Canadians, after a fair appraisal of the facts, will recognize where their best interest lies.

The facts are indisputable. Our trade with the United States continues to grow. Annual imports are up. Our exports are up even more.

And look at the composition of those exports. Canadian exports rose most sharply in 1992 in high-end manufacturing products. They performed particularly well -- and this point bears underscoring -- in those sectors where tariffs have been eliminated by the FTA, or where they were being rapidly phased out.

Furthermore, Canada's share of a number of U.S. markets for value-added manufactured goods is growing.

Canadian manufactured products as a percentage of the total U.S. market has risen and has now reached a record level. They now represent 2.6 per cent of the U.S. market. That figure only sounds small: it isn't -- not in the large U.S. market. The figure represents a 20-per cent rise in Canada's share of the U.S. manufactured goods market in just a decade.

Transportation equipment, chemical, electrical and electronic, and paper products are the sectors that are leading this expansion.

Canada's exports to the United States of office, telecommunications and precision instruments was valued at \$9.3 billion in 1991, up a remarkable 74 per cent since 1989, the year the FTA went into effect.

In the manufacturing sector, these are the high-end products. They contain more value-added by the highly skilled Canadian

workers who make them. They represent the indispensable equipment of the new economy.

The performance of the Canadian export sector is starting to have an impact on that other vital indicator of economic growth, job creation. Canada saw the first strong evidence of post-recession job growth in 1992. A net 118,000 jobs were created in the year, and that pace will certainly accelerate as the recovery strengthens.

Economic expansion is not a force without an agent. Economies grow because people make them grow. Economies grow when people see opportunities, assess the challenges they face and then take action.

Even though the NAFTA is not yet in effect, Canadian companies are already exploring the increasingly robust and dynamic Mexican market that is benefitting from the reforms of the last seven years.

Canadians and Mexicans are signing contracts and making sales today. SR Telecom of Montreal has a \$13-million contract to supply radio systems to 535 Mexican villages. Benefiting from contacts made at a Canadian trade fair held in Monterrey, Mexico, Royal Plastics Group of Toronto is drawing up plans for a joint venture to produce panels needed for housing in Mexico.

Consider for a moment the \$1.5-million contract negotiated between Bovar-Western Research and PEMEX, the state-owned oil company. Bovar-Western Research is the first company ever to help Mexican petrochemical firms install instrumentation control for their sulphur recovery units.

Several weeks ago we learned of a \$160-million joint venture by Quebec and Spain in Canadian petrochemical production to serve the whole North American market.

These few examples illustrate the marvels of international trade. Mexico acquires much needed products and services, and Canada wins sales that create jobs at home in Montreal, Toronto and Calgary.

The sales I mentioned represent only a small sample of Canadian successes already achieved in the Mexican market.

Through trade, Mexico is finding products and services that help meet the country's need for housing, for ending isolation of rural communities and for controlling pollution. In turn, families in Montreal, Toronto and Calgary are earning good wages from highly skilled jobs and securing prosperous futures from their families.

The marketplace is doing its job.

In the months and years to come, the Government of Canada will be helping more Canadians find ways to benefit from opportunities in the North American market.

Two weeks ago, I announced our Access North America program. This program acts on the recommendations of the Action Plan of the Steering Group of the Prosperity Initiative. The Action Plan urged the Government to make greater efforts to develop world markets.

We are doing this.

Access North America will help make the NAFTA work for Canadians. It will help Canadians display their products and services at a permanent trade centre in Mexico City, and it will help Canadians become better acquainted with the Mexican market through a program known as Newmex.

Yet what would my honourable friends opposite do? They would deny Canadians all the opportunities of this market. Some of them would tear up not just the NAFTA, but the FTA as well.

They have no vision of their own. They have no plan of action for Canada to play an important role in the global economy.

They counsel withdrawal. They don't want an active Canada, involved in the world. They want a catatonic Canada. They want Canada to stagnate as a backwater. Their policies would amount to planned paralysis or, worse, to the reckless abandonment of our largest trade relationship.

I wonder what the Opposition would be saying if we had not joined the negotiations for the NAFTA.

We would be under attack. We would be criticized by many of them for letting the United States march into the Mexican market while we sat passively to the side.

Many in the Opposition would undoubtedly have accused us of putting our industries at risk, of freezing them out of a prime commercial opportunity.

They would have charged us with undermining Canada's drawing power as a location for investment. They would have condemned us for refusing to defend Canada's interests.

But they can't do that, Mr. Speaker, because this Government did the right thing. We saw the future, and we wanted our rightful part in it.

The Bill before us today, when approved, will lead us to the twenty-first century.

One of the fundamental concerns of the next century will be the relationship between the developed and the developing world.

The NAFTA offers a positive prototype for those relations. Aid to the world's developing nations has too often realized only small and isolated victories in the war on poverty in the last 50 years. The developing nations increasingly admonish the developed world to realize that, not aid, but trade is the key to a richer future.

Developing countries want the freedom to sell their goods and services on world markets. They want also to be able to buy the goods and services and to attract the investment that the developed world has to offer.

This is the acknowledged key to their future development and prosperity. It is also essential for the developed world's continuing prosperity and to world peace and stability.

Greater trade and greater economic interaction and inter-dependence can defuse the resentments and envies that have too often been responsible in the past for international disorders ranging from famine to terrorism.

Trade is a powerful antidote to conflict. It is a powerful support to international order. I say unambiguously that free trade policy is good foreign policy.

It is good policy for our relations with our Mexican friends and partners. It is good policy also for our relations with those countries in Latin America and beyond who may join the NAFTA and other market-opening trade agreements in future.

The conservation and protection of our natural resources -- of our air, land and water -- will be another pre-occupation of the twenty-first century. Likewise, the quality of life in the workplace will be a concern of workers and managers everywhere.

The NAFTA breaks new ground in addressing environmental issues in ways never done in any trade agreement before. For example, the NAFTA specifically allows for the inclusion of scientific experts in the settling of trade disputes. It states that NAFTA partners should not lower environmental standards to attract investment.

Above all, the NAFTA recognizes the responsibility of all partners to maintain and improve their environmental standards.

And the NAFTA, in its preamble laying out the broad objectives of the Agreement, confirms the commitment of all three countries to improve working conditions and living standards and to enhance and enforce workers' rights.

Canada is committed to pursuing additional environmental and labour accords in trilateral discussions with Mexico and the United States. These will lead to strengthened environmental co-operation among our countries and to an open dialogue about the workplace in the new North American market.

The NAFTA has proved a powerful catalyst to pursue the environmental and labour agendas. Before the NAFTA negotiations, Canada had a number of bilateral agreements with Mexico on these subjects. The trade talks led to a more concentrated program of trilateral discussions.

Without the NAFTA, it is unlikely that today we would be preparing for the establishment of a North American Commission on the Environment. The functions of the Commission may well include harmonizing environmental standards at higher levels, developing limits for specific pollutants, promoting environmental science and technology, and increasing public awareness of environmental issues.

In the labour discussions, we will be pressing for the establishment of a trinational body to focus on the improvement of working conditions and living standards in all three countries. Such a commission would help give effect to the NAFTA's commitment to "protect, enhance and enforce basic workers' rights."

Throughout the negotiations of the NAFTA and now as we negotiate the additional agreements, we have been able to call on the knowledge and expertise of the provinces, labour organizations and environmental groups. They have played an extremely important role in helping the Government develop and refine its agenda, and they will continue to do so as labour and environmental talks proceed in the weeks ahead.

We are clear on this. The NAFTA is part of this Government's commitment to the quality of working life and to sustainable development. The NAFTA will contribute to economic growth in a way that takes into account the health and well-being of the population, and the protection and preservation of the environment on which we depend.

The world of nations has been rapidly transformed into an increasingly interdependent global economy in a matter of decades.

The dawn of the twenty-first century rises over an interconnected marketplace that includes, at the same time, mass production for truly world markets and specialized production for highly individualized niche markets.

The way business is conducted today would have been inconceivable to our counterparts of less than a generation ago. Fibre optics, lap top computers, fax transmissions, interactive video -- the quick transformation of research into technology to create new products and services has ceased to amaze and now is routine.

This Government has worked hard to prepare our economy for the global marketplace, and with the framework we have put in place, Canadians will exploit it to their advantage.

Canadians do not fear the future. They are leaders, and they make the future work for them and they profit from it.

The creation of a North American free trade area is one of the future's opportunities. It will contribute positively to our greater competitiveness and our prosperity.

It provides us with a larger market allowing us to take advantage of both economies of scale and market specialization. In doing so, it better equips Canadian industry and workers to tackle other world markets with increasing success.

This applies not only to the larger Latin American market to which Mexico offers an obvious opening. It applies also to the countries of Asia-Pacific, Europe and the Middle East.

Developing the skills and adapting to the demands of the North American free trade area will clearly assist us in other world markets.

Eight and a half years ago, this Government set itself the task of looking to the future and outward to the world.

The opposition may wish that Canadians hunker down in the claustrophobic shadow of the way things once were. That is not the fate this Government wishes for this great nation.

We want to fulfil Canada's vocation as a world leader, committed to a stable international economy, to environmentally sustainable growth, to developing new markets and finding new economic partners. When we pursue this progressive agenda, we inevitably create high-quality jobs for Canadians and strengthen the foundations of our prosperity.

The North American Free Trade Agreement is proof, and a solid demonstration, of that commitment.

Mr. Speaker, I travel a lot on trade missions. I meet many exporters from other countries, and I ask them: "What country in the world would you like to have assured access to? What is your most important market? What country would you like to have a dispute settlement mechanism with?"

In all cases, the answer is "the United States." We have that, Mr. Speaker. We have something that others would give their eye-teeth for, and now we are broadening the relationship to include Mexico. We are very fortunate people in Canada to have this. Let us not squander that success. Let us support the NAFTA.

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Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/23

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE
ON THE
OCCASION OF THE LAUNCH OF THE 1993-1994
INTERNATIONAL TRADE BUSINESS PLAN

TORONTO, Ontario
April 1, 1993



I am delighted to see so many outstanding Canadian companies here to help us launch the 1993-1994 *International Trade Business Plan*.

This event is indeed a testimony to the partnership between the Government and the private sector -- a partnership that has been key to the development of the Plan. It is particularly fitting that the Canadian Exporters' Association (CEA), the Canadian Chamber of Commerce (CCC) and the Canadian Manufacturers' Association (CMA) are our co-sponsors today. Your members have all made a major contribution to the development of the *International Trade Business Plan*. My thanks to all of you for helping us put this event together.

For the Government, the *International Trade Business Plan* demonstrates a new, more effective way of doing things. It will lead to more rational ways of using the Government's limited resources in pursuit of international market opportunities.

As well, it reflects our commitment to doing things better and smarter.

As a government, we too have to be more competitive in the way that we support business people in the international marketplace. With the publication of this *International Trade Business Plan*, we are well on our way to accomplishing this goal.

Last year, when we published the first version of the Plan, we included the international business development activities of only three government departments. This year, we included the activities of 15 government departments. As a result, we now have a document that for the first time brings unity and co-ordination to all federal government support for trade development.

We also have a document that presents the Government's long-term action plan for assisting Canadian business in the international marketplace.

Next year, we intend to go one step further and invite the provinces to participate in the preparation of the strategic components of the Plan.

The central elements of the Plan are the 22 sector strategies. Each sector strategy provides a synopsis of the detailed strategies being implemented by individual departments and agencies. By consulting the *International Trade Business Plan*, you will have at your fingertips an analysis of the market environment for your sector, a summary of where the Canadian industry stands, and the strategic direction that Canada is pursuing for this sector.

In addition, for those of you interested in a certain region of the world, you will find strategic information on key markets throughout the Plan.

The final ingredient in the Plan that you will find useful are the listings of planned trade development activities in which industry can participate. These are sector- and geographic-specific consolidated lists of activities proposed by participating departments and agencies for the new fiscal year that starts today. You will note that the contact point for a number of these activities is an industry association. This reflects the partnerships that we have developed with the private sector. Even though activities are funded by the Government, we have listed the associations when they are undertaking the detailed organizational work for the event.

We will also soon publish a separate document providing more detailed descriptions of events and the nature of federal support. This publication will contain practical, hands-on information, such as a list of the exhibitors, the size of the event and the avenue to follow if you want to be involved.

From the beginning, we knew that for the *International Trade Business Plan* to be most effective, it would have to meet three goals:

First, we had to involve the private sector.

Second, we wanted a document that would make us more efficient, while reducing duplication in the federal government.

Finally, we wanted a plan that would be an integral part of the rest of the Government's economic agenda.

The document that we are launching today meets all of these goals.

With respect to the first goal, we knew all along that the involvement of the private sector in this initiative would be crucial. You know your business more than anybody else, and you have the most to contribute to this exercise.

We have also heard your call. You're tired of being only consulted. You also want to be fully involved.

So we did just that. The Government's International Trade Advisory Committee (ITAC), the CEA, CCC and CMA were all briefed regularly and asked to comment on the concept. In addition, drafts of the Strategic Overview were sent to them for review and comment.

We also provided members of the Sectoral Advisory Groups on International Trade -- or SAGITs -- with draft copies of their relevant sector strategies. These were reviewed and discussed at SAGIT meetings.

However, the involvement of the private sector does not stop with the publication of this document. What I envisage is an ongoing working relationship among the private sector, myself and officials to improve upon the Plan and the policies and programs it covers.

For future versions of the *International Trade Business Plan*, we plan to work with the private sector to identify goals and signposts for each of the sector strategies. In so doing, two or three years down the road we will have a means to measure the success of our strategies.

We cannot afford to see money being spent in areas that do not meet Canadian competitiveness objectives. Neither can we afford the duplication and overlap of trade development programs either between federal departments or between the federal government and other levels of government. With the scarce financial resources available to us, we must use what we have more effectively.

That brings me to the second goal. The *International Trade Business Plan*, I believe, makes its greatest contribution in this area. The extensive interdepartmental consultations, which form the basis of the Plan, have ensured more efficiency and reduced duplication.

For example, by consolidating the list of proposed activities for each sector, we were able to reduce planned events from about 1,200 to 900 -- simply by eliminating duplication and overscheduling.

The result of this interdepartmental exercise also ensures that all federal government departments are now working toward common international trade objectives.

The Plan will also be useful for the priority setting of the whole range of trade development initiatives. What I mean by this is that the Plan will help us make difficult decisions on where and how to spend federal government money on trade development.

Finally, with respect to the third goal, we have developed a document that is a key component of the Government's trade priorities, both in the areas of trade policy and trade development.

Let me first turn to trade policy.

As all of you know, the Government has been involved in a number of initiatives to improve market access with our trading partners. I am talking about the Canada-U.S. Free Trade Agreement (FTA), the negotiation of the North American Free Trade Agreement (NAFTA), and the completion of the Multilateral Trade Negotiations (MTN).

With the very slow progress of the MTN, some people in the room may have grown very sceptical about the prospects of a positive outcome. To these sceptics I say, "Don't lose hope." Keep in mind that some very real progress has been made. U.S. President Clinton's recent announcement that he will seek an extension of fast-track authority is a signal that the United States is committed to seeking a successful conclusion to the negotiations.

The path ahead does remain strewn with obstacles, but, with hard work and a strong dose of political will, trade ministers from around the world can get the comprehensive result that all are seeking.

The removal of trade barriers, however, is not limited to the international domain. For Canada, it is also a priority domestically. For too many years, interprovincial trade barriers have dampedened the competitiveness of many Canadian companies.

Over the past few months, I have been working with my provincial colleagues to open up the internal Canadian market. Most recently, two weeks ago the Committee of Ministers for Internal Trade discussed a plan of action to achieve a broad agreement by June 30, 1994.

The very real benefits of trade liberalization, both domestically and internationally, also led us to seek freer trade with our closest neighbours, first the United States, through the FTA, and now a continental agreement, through the NAFTA.

The evidence of the benefits of the FTA are now becoming clear. While 1992 was an outstanding year for Canadian exports -- with an overall 11-per-cent increase over the previous year -- our sales to the United States alone were even more impressive. Our exports to that country -- our largest market -- reached \$122.3 billion, representing a 13.6-per-cent increase over 1991. In January 1993, our exports to the United States were up more than \$2 billion, or 22 per cent higher than in the previous year. For the same period, they also soared to \$14.6 billion on a global scale, representing a 16 per cent increase over January 1991.

As is so clearly evident, it is the export sector that is leading the way in the current expansion.

We have recently introduced the NAFTA legislation in Parliament, and the bill is currently going through second reading. We are committed to seeing this legislation proceed through the stages of parliamentary approval, with a view to bringing the Agreement into force on January 1, 1994.

As you know, the NAFTA remains controversial in some quarters. As exporters, you know the importance of this Agreement to Canada's continued prosperity. I urge you to get this message out to Canadians.

In the meantime, Canadian businesses have already begun to increase their presence in the Mexican market -- simply because of the exposure given to that market by the NAFTA negotiations. The Government is also taking steps to help you capitalize on new opportunities with our new North American partner. Last month, I had the pleasure of launching Access North America, a new trade initiative that will introduce many more Canadian companies to the Mexican market.

Our trade liberalization efforts, however, are only a part of a wider government package to restructure the economy and improve the environment in which you conduct your business. We accomplished this restructuring through the Agenda for Economic Renewal, which we introduced in 1984 and which has guided the policies of the Government ever since.

Through policies like expenditure control, deficit reduction, tax reform, deregulation, privatization, as well as trade liberalization, we established the macro-economic bedrock upon which a progressive, forward-looking economy could be built.

One of the most significant policies we put into place was the reform of the income tax and sales tax systems. We removed the hidden federal sales tax on manufacturing and replaced it with the Goods and Services Tax (GST). Unlike the old tax, the GST is highly visible and, therefore, not a popular tax -- but it is a fair tax. Above all, it does not penalize Canada's exporters, as the old tax did.

All of the elements of the Agenda for Economic Renewal form part of a strategy to transform Canada's sluggish economy that we saw in the early 1980s and position it to adjust to changing circumstances in the 1990s and beyond. The policies we have pursued are the building blocks of Canada's prosperity.

They have also set the stage to make you more competitive in international markets. It is now up to individual companies to go out there and conquer new markets, not just in the United States and Mexico but all over the world.

Many of you, and the companies you represent, have taken part in the numerous trade missions that I and other ministers and senior trade officials have led to markets throughout the world. At the end of this month, I will be leading another such mission to South America.

As you can see, far from limiting our trade promotion activities to our North American neighbours, we are confident that the market experience and increased competitiveness gained by Canadian companies successfully engaged in the United States and Mexico will have a springboard effect for venturing into other markets. Of course, our efforts in this hemisphere are only part of the picture. We also have initiatives such as Pacific 2000 and Renaissance Eastern Europe, to name two. They are designed to encourage you to diversify your markets and exploit sales opportunities wherever they may be.

This is all part and parcel of the Government's global trade agenda. It's working, as our increased export figures, which I referred to earlier, clearly demonstrate.

Of course, through our many trade activities, the Government will provide whatever assistance it can to help you maximize your opportunities and this brings me to the other component of the Government's trade priorities: trade development.

We have put into place initiatives such as Access North America and others to assist exporters to take advantage of emerging market opportunities around the world.

By opening new markets and increasing our exports, we will create new jobs for Canadians and, in the process, help further promote Canadian prosperity.

Similarly, by opening the door to new market opportunities, the *International Trade Business Plan* will also help put us on the path to greater prosperity.

In this way, the Plan responds directly to some of the recommendations in the Prosperity Action Plan. Specifically, the Steering Group on Prosperity recommended in Action 17 the development of "a co-ordinated global trade, investment and technology strategy led by the private sector to increase exports, double the number of firms exporting and promote strategic alliances."

Furthermore, Action 18 recommends that we "consolidate trade development programs to eliminate duplication and overlap."

The *International Trade Business Plan*, although far from perfect, represents a major step toward achieving these sensible recommendations.

We are also working in other areas to make our trade development efforts respond to your needs. With regard to the Program for Export Market Development (PEMD), we are putting into place some fundamental changes that you have been asking for.

As a result, we now have a program -- PEMD -- that provides support on a longer-term basis, while reducing the administrative burden for its clients.

The fundamental concept in these changes is that of market development strategies. Instead of requesting assistance on a single-activity basis, companies will be able to apply for assistance for a number of activities. PEMD therefore is now able to provide longer-term assistance that will mesh well with your marketing strategies.

Combined with the strategic information in the *International Trade Business Plan*, these changes to PEMD will be helpful to you as you pursue opportunities in the international marketplace.

All of the initiatives that we have undertaken in the areas of trade development and trade policy have one thing in common with the *International Trade Business Plan*: they all reflect our commitment to create an environment where Canadian companies can indeed realize their potential in the international marketplace.

In this era of fierce global competition, however, we can't make these changes effective by ourselves. We have to work in partnership with the private sector to establish a strong Team Canada approach that will seize the opportunities in all markets.

We have made a giant step forward in that direction with the publication of this *International Trade Business Plan*. You have helped us to bring transparency, coherence and strategic direction to our international business activities.

Keep in mind that this Plan is for you. It will allow you to better align your own priorities and plan the activities that you would like to carry out jointly with us.

To make it a fully effective document, we also need to hear from you. Let us know what you think -- so that we can incorporate your views for future editions.

Copies of the *International Trade Business Plan* are available outside on tables in the reception area. I encourage you all to pick up a copy and find out how you can best take advantage of our many trade development activities.

Thank you.

Minister of Industry,
Science and Technology and
Minister for International Trade.

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/24

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO THE
SAN DIEGO CHAMBER OF COMMERCE



SAN DIEGO, California
April 6, 1993

Ladies and gentlemen:

It's a great pleasure to speak to you today.

As a Canadian, I feel quite welcome here in California. That's not really surprising. After all, outside of Canada, there are more Canadians living here than any other place on earth. They have come to California to pursue opportunities in your entertainment, scientific and high-tech industries. Their successes have enhanced Canada's strong interest in increasing trade and investment relations with your great state. In fact, that is the reason for my visit here today.

I am happy to see for myself the renewal that is under way in San Diego. Your already successful efforts at restructuring and diversifying your economy will be enhanced as Canada, the United States and Mexico bring into force the North American Free Trade Agreement (NAFTA). San Diego is well positioned to benefit from the opportunities that will arise from the Agreement.

Much solid business is already under way between California and Canada. In fact we are your second largest export market -- the target for 11 per cent of the goods you produce for export. In 1991, California's exports to Canada were worth almost \$6 billion.

In return, California has strong potential as a market for Canada's world-class products and services in a number of diverse sectors, including transportation, energy, environmental, high-tech and biotech industries.

The variety and quality of the strategic alliances being forged between San Diego and Canadian companies are impressive. This morning I met officers of a number of biotechnology companies who have engaged Bio-Research Laboratories in Montreal for pre-clinical testing of new drugs. These companies are also involved in process development with the Alberta Research Council in Edmonton.

San Diego has proven a very successful city for Canadians. Since we opened our trade office here more than three years ago, our expectations for new business alliances have been more than met. Great potential exists for even more trade and partnerships. The NAFTA is going to help us in this important quest.

The Agreement is part of Canada's comprehensive trade and economic strategy. We are a trading nation, with one in four jobs dependent on exports. Our trade agenda is based on a clear vision of a future where Canadians can compete successfully in a constantly changing global marketplace. Recent years have seen great upheavals in the world. In many instances, former trading patterns and old ways of doing business are no longer valid.

Goods and products are not the only basis of trade any more. In many countries, services are rapidly overtaking goods as the

driving force of economic growth. Technology transfer, intellectual property and investment are changing the face of international trade as we know it.

The rapid advances in technology have caused great upheavals in the marketplace -- not only in what we sell, but in how we do business. In the face of globalization, we must strengthen our trading alliances and adapt to change. Our jobs and prosperity depend on our ability to respond quickly to new opportunities created in a changing world order.

By participating in the NAFTA, Canada is signalling its willingness to take advantage of globalization. We are looking to the future, ready to face the challenges and opportunities presented by the new economic climate in Mexico and an integrated North American market.

The modern global economy demands that we use all the tools we have to secure new markets and to make our products and services more competitive. Just as we pursue global markets for trade, we must also explore investment opportunities and production inputs wherever they exist.

Canadian exporters recognize the need to become more internationally competitive, to streamline their production and to produce goods and services for the world market and not just the Canadian or North American market.

To an unprecedented extent, they have accepted the challenge to diversify, establish joint ventures and enter into licensing agreements and distribution networks. They now view the U.S. market not only as vital in itself, but as a stepping stone to the world.

These companies and the people they employ are the reason we are part of the NAFTA.

We wanted to deliver an agreement that would maintain Canada as a prime location for investment in the North American market: we succeeded. We wanted to make some limited improvements in our free trade agreement with the U.S.: we succeeded. And we wanted to gain better access to the Mexican market of 85 million people that had been largely closed to us by high tariffs and non-tariff barriers. Again, we succeeded.

We do not claim that the NAFTA will produce economic miracles, but it will, over the long term, contribute to solid job-creating economic activity.

Canada is committed to the NAFTA. Our parliament is currently considering legislation to implement the Agreement, and it is our government's intention to have the required legislation in place before summer. We will fulfil our end of the bargain to establish the new North American free trade area. All parties

have reiterated their commitment to see the NAFTA come into force on January 1, 1994.

At the same time, we welcome the opportunity to achieve additional "side" agreements on the environment and labour. Canada continues to play a leading role in talks to strengthen environmental co-operation among the NAFTA partners. Indeed, we were a strong proponent of a trilateral commission on the environment during the NAFTA negotiations themselves.

At that time we also advocated establishing a trilateral forum to explore labour issues. This was turned down at the time, so we are pleased that the United States and Mexico are now prepared to discuss a trilateral agreement in this area. Canada is in full support of efforts to improve working and living standards in all three countries and, as the NAFTA preamble states, "to protect, enhance and enforce basic workers' rights."

Let me express some concerns here about the supplemental agreements. As I said, we favour them, but express caution about what can be achieved. Expectations are high. My concern lies in the area of enforcement.

Some observers have talked about putting teeth in these side agreements, but teeth can bite in many ways. Let us collaborate and let us consult. Let us try to raise enforcement standards. Let us agree on minimum standards. Let us raise public awareness of sustainable development and other environmental and labour issues. But does the U.S. want Mexico enforcing, through Mexican trade remedy laws, environmental standards in California? Or Canada doing the same thing, through Canadian laws, in the State of Washington?

Let us learn from each other's experience, but for the NAFTA to be a success we must also respect each other's sovereignty. This will be the biggest challenge we face in completing the NAFTA approval process.

Canadians have listened closely to the debate about the NAFTA in your country. We have heard the criticisms and, believe me, they are familiar.

We, too, have heard the prophets of doom predict all manner of afflictions for our economy when we negotiated the Canada-U.S. Free Trade Agreement. Five and a half years ago last weekend, Jim Baker and I stood together in Washington and told a press conference that the FTA that we had concluded the night before was a win-win situation for both countries. The last four years have dramatically proven the truth of that statement.

Let me make it very clear. The Government of Canada is more than ever convinced that the decision we made to enter into the Agreement in 1989 was the right one. The NAFTA will build on the solid achievements seen by Canadians and Americans alike under

the FTA. I urge you to maintain the momentum for free trade and support quick passage of the NAFTA legislation in the U.S. Congress.

My conviction about the worth of the FTA is not based on faith: it is based on the hard evidence that shows the Agreement is indeed a win-win situation for both our countries. During a difficult economic period, two-way trade in goods and services between our two countries increased by 16 per cent under the FTA, and in 1992 really took off. For example, Canada's exports of goods to the United States were up 13.6 per cent and are a key factor in Canada's recovery.

The FTA is helping North American industry increase its international competitiveness. The NAFTA will do as much for Canadians, Americans and Mexicans.

The FTA has made clear improvements to Canada's overall economic climate and the growth of Canada's gross domestic product. Economic analysis shows the Agreement has had a correspondingly positive effect on employment. It has also resulted in cheaper imports, which have helped restrain inflation to an annual rate below 2 per cent -- an enviable achievement. The recession of 1990 and 1991 would have been significantly worse for Canada if it had not been for the Agreement's net beneficial effect. It is our healthy export performance that is leading us out of that recession.

The broad economic indicators, however, provide only part of the picture. Trade figures remain the key and here the results are overwhelmingly positive. Canadians and Americans are selling more to -- and buying more from -- each other. As a force to strengthen the North American marketplace, the Free Trade Agreement is clearly proving its worth.

For example, in 1992, the amount of trade between our two countries reached \$227 billion. This is the largest two-way trading relationship in the world -- a fact that still surprises many Americans and Canadians alike -- and the volume of trade continues to expand on both sides of the border. In January, Canada's exports to the U.S. increased by a record 23 per cent over January 1992. Exports from the U.S. to Canada were up almost 15 per cent over a year ago.

The overall trading relationship between our two countries can be characterized as one of balance. Canada enjoys a merchandise trade surplus with the U.S., while the U.S. has a positive current account balance with Canada, thanks largely to Canada's trade deficits for tourism and business services.

A recent study by the Government of Canada on trade patterns in the last 30 years shows merchandise trade between the U.S. and Canada has grown faster than either country's gross domestic product.

Significantly, over the past 10 years, both countries have increased their share in each other's markets. Despite a decline between 1985 and 1988, U.S manufactures have staged a comeback in the Canadian market. Non-transportation manufactures saw their share of the Canadian market grow from 18 per cent in 1986 to a record 21 per cent in 1991. Canadian manufacturers, too, have reached an all-time record share in your markets. It is worth pointing out that these records have been reached since the FTA has been in effect. Simply put, free trade expands trade.

We are already seeing the mutual benefits that flow from trade liberalization. The NAFTA strengthens the foundations for global competition laid down in the FTA.

However, the Free Trade Agreement has not made the Canada-U.S. trade story an entirely harmonious one. There continue to be frictions, as you might expect in the world's single largest trade relationship. We have serious problems now in steel, beer and softwood lumber, but, thanks to the FTA, we are in the enviable position of being able to address our differences in what has proven to be a transparent, fair and equitable dispute settlement mechanism. The NAFTA will improve on that mechanism.

During the months of negotiating the NAFTA, we have heard a lot about free trade and fair trade. However, too often what constitutes fair trade remains in the eye of the beholder. Restrictive trade barriers exist in both of our countries. We need to reduce and eliminate those barriers. You have the Buy America Act and the Small Business Set Aside. We have inter-provincial trade barriers. But I am happy to report that the federal government has initiated comprehensive discussions with the provinces to reduce those barriers and allow greater competition, through a sort of "internal NAFTA," if you will.

Our trade liberalization efforts, however, are only part of a wider government package to restructure the economy and improve the environment in which you conduct your business. We accomplished this restructuring through the agenda for economic renewal, which we introduced in 1984 and which has guided the policies of the government ever since.

These efforts are designed to make Canada a strong contender in today's demanding global marketplace. First, we have brought government finances under tighter control, instituting a careful and deliberate multi-year plan to lower government deficits and establish sound fiscal management.

Indeed, government operating costs, after inflation, are today more than 20 per cent lower than when the Mulroney government came to office. In fact, the government is actually running a surplus on its operations, net of those all-too-high debt servicing costs. And by law, every penny of our goods and services tax -- our equivalent of the European value-added tax --

is used only to pay interest on the debt and, ultimately, reduce the debt.

One of the steps we took to put our financial house in order was a systematic privatization program. To date we have dissolved 14 government-owned businesses and undertaken 23 privatization initiatives. De-regulation has also been an important feature of the government's economic program. We replaced the Foreign Investment Review Agency, which discouraged investment, with Investment Canada, an organization that now encourages it.

These efforts are paying off. Net foreign direct investment in Canada has increased significantly since the FTA. For instance, Price Club of San Diego has expanded into Canada and now boasts 17 locations and 7,000 Canadian employees. Another local company, Solar Turbines, has made extensive sales in Canada and has entered into a joint venture with a Canadian company, the Nicholls Radtke Group, to manufacture steam turbines in Cambridge, Ontario.

We welcome these enterprises and we are confident this trend to invest in Canada will only grow under the NAFTA. Foreign investors see Canada as an attractive base for their North American operations, thanks to our highly educated work force, sophisticated infrastructure and abundant resources. Now the NAFTA will offer such companies secure access to Mexico and even better economies of scale.

The term "strategic alliance" has become part of the current coin in business circles. At a time when maintaining competitive advantage is seen as a basic survival skill, more and more companies recognize the merits of partnership. That's why the Government of Canada and the provinces of British Columbia, Ontario and Quebec held the Canadian-American Business Matchmaking Forum in San Diego last July.

It was designed to identify local companies with strong potential to form strategic alliances with Canadian companies. The program offers tremendous potential for companies interested in the following areas: licensing products for production in Canada; expanding through a joint venture; entering into a co-operative marketing agreement; or wishing to take advantage of Canada's generous research and development tax incentives.

This forum was not a raiding exercise -- the aim was to co-operate, not compete. Because of our emphasis on creating a win-win situation for all potential partners, our co-sponsors were the San Diego Economic Development Corporation and the local office of the U.S. Department of Commerce.

The San Diego event was our most successful in California thus far. Of the 40 participants, we identified 12 with strong potential as a strategic alliance partner, considering the technology, the market and the individual business proposals each

had to offer. I am confident it won't be too long before we hear of a number of success stories as a result of this matchmaking program.

Free enterprise and free markets go hand in hand. That is why the Government of Canada has been determined to bring down barriers to trade with all our trading partners. We believe that long-lasting and beneficial trade relations can flourish only in an open, stable and predictable trading environment. The successful conclusion to the Uruguay Round of Multilateral Trade Negotiations will go a long way to ensuring a predictable environment for global trade and investment.

Both our governments are clearly committed to this goal. The NAFTA is fully consistent with our international trade obligations at the General Agreement on Tariffs and Trade (GATT). In fact, as Arthur Dunkel, Director General of the GATT has said, "Multilateralism and regionalism can co-exist; better, they actually reinforce one another."

The negotiation of the Canada-U.S. Free Trade Agreement is among Canada's most significant trade undertakings. And the effective extension of this agreement to include Mexico in the North American Free Trade Agreement has equal prospects for success for all three countries.

But a trade agreement, no matter how good it is, doesn't guarantee results alone. That is why we should applaud the efforts of the Canadian and San Diego companies working together on important new ventures in biotechnology and telecommunications. Companies like Qualcomm of San Diego, which has signed a licensing agreement with Northern Telecom to manufacture products for the next generation of cellular telephone systems, are setting the right kind of example.

Spar Aerospace of Montreal has recently purchased Comstream, here in San Diego, to aid its efforts in developing earth stations for satellite transmission systems. Other Canadian companies enjoying success here include Laidlaw, Alcan and Trizec, which, through its Hahn group, has a number of real estate investments in southern California.

As business people and border residents, many of you would agree that there are favourable signs ahead for the growth of trade in this hemisphere. With the NAFTA, Canada, the United States and Mexico are forming a new partnership.

It is time to concentrate on solutions to our trading relationship, not problems. Time to look to the future, not the past. And it is time to work together with co-operation, not protectionism.

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/25

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
TO THE
CANADA-THAILAND CHAMBER OF COMMERCE



BANGKOK, Thailand
April 7, 1993

Canada

Affaires étrangères et
Commerce extérieur Canada
External Affairs and
International Trade Canada

One of the great pleasures I feel as a Canadian is experiencing the beauty of changing seasons. For those of you who have ever experienced the harsh beauty of a Canadian winter, you will understand the joy and lightness that many Canadians feel at this time of year as the blanket of ice and snow disappears. Spring is always a time of emotional as well as natural renewal in our country.

I know that this is also the beginning of the Buddhist New Year, and much of that same sense of positive renewal and revitalization takes place in your country at this time.

These very human feelings of joy, relief, exhilaration, excitement and hope can be transformed into a positive force that can have major implications far beyond the individual. In fact, that positive force can affect the overall social, economic and political climate of a country, its governments and its institutions.

As the world has changed dramatically over the past few years, much interest and much emphasis has been placed on the emerging role of global and regional structures and networks, such as the United Nations and the Association of Southeast Asian Nations (ASEAN). Some of this is emotional -- seeking islands of stability in a sea of swirling change. Much of it is merited, because with the collapse of Communism and the former Soviet Union, we see a need for interactive, interdependent organizations, even though their roles and rules are developing only a step ahead of the changes that they wish to harness and direct.

A very good example of this new international co-operation is the expanded concept of peacekeeping. Once simply the placement of neutral forces between two parties that had agreed to disengage, peacekeeping is now a far more complex process that tries to deal with the causes and after-effects of conflict, as well as with the conflict itself.

Once seen as the sole domain of the United Nations, regional organizations also are beginning to take up responsibilities for regional security. In my participation at successive meetings of the Post-Ministerial Conference of ASEAN, I have encouraged the inclusion of regional security issues on the agenda in their political as well as military dimensions. We noted with pleasure the recent decision of ASEAN members to embark in this new direction.

Much of the effort of modern peacekeeping is directed at the very human, very personal level, as current missions in Somalia, Cambodia and the former Yugoslavia so graphically demonstrate.

If the world has learned one lesson from the events of the past half decade, it is that security cannot be addressed in isolation

-- that there are important links between political stability and social and economic stability at all levels: community, national, regional and global.

There is a debate about what comes first -- economic development or the development of democracy and democratic institutions -- and convincing arguments have been developed on both sides, depending on the region or country under discussion.

That debate misses the point, because it is not really an either/or situation. One can lose oneself in the elegance of philosophy, economics and political science and ignore the fact that at the foundation of all the esoteric arguments there is one common denominator: the welfare and prosperity of the individual.

In other words, social and economic development must go hand in hand with political development. Not only do they proceed apace, but they in fact reinforce one another.

Thailand is an outstanding example. Like much of the world, we were dismayed by the tragic events of last May. Yet by September -- only four months later -- you had elected a government strongly committed to democratic values and universally accepted norms of human rights. What was one of its first initiatives? To establish new economic and social programs to address the needs of the poor and disadvantaged.

In a world becoming increasingly more knowledge-based, a country cannot waste the energy and potential of a single citizen. In fact, in an increasingly interdependent world, this proposition extends beyond national borders.

I have just come from Vancouver, British Columbia, where I attended the historic summit meeting between U.S. President Bill Clinton and Russian President Boris Yeltsin. At the root of much of the discussion was the question: How can the world prevent the possible political disintegration of one of its largest countries -- and the social and economic fallout that would, as a result, affect us all?

The problems of Russia are not restricted simply to that country. All countries would feel the repercussions of a return to the law of force, as opposed to the force of law. The Soviet winter lasted seventy-five years. We cannot stand aside and allow that country to return once again to the Ice Age!

Canada is committed to ensuring the continuing evolution of democracy in Russia and the concomitant social and economic benefits that it will provide. But the recent history of Russia places a spotlight on a much larger, global question: Where will the new wealth come from that is so necessary to sustain and encourage the millions, even billions of people who will have

been released from the tentacles of totalitarian regimes? How will the world meet their expectations?

One concrete step -- one that we can all benefit from -- is the enhancement and liberalization of international trade.

Canada continues to support the Uruguay Round of the Multilateral Trade Negotiations and its fundamental objective, the reform of the world trading system. This is the first multilateral round ever to incorporate the views and needs of a wide range of developing countries. What better way to stimulate growth and alleviate poverty? We all have the right to be frustrated by the narrow interests that have postponed the success of these significant reforms.

On a more particular level, Canada is pleased to share membership with four members of ASEAN (Thailand, Indonesia, Malaysia and the Philippines) in the Cairns Group, which is developing constructive proposals aimed at broadening trade in agricultural products -- still very important components of the economies of both Thailand and Canada.

At the same time these global and sectoral arrangements are being developed, more and more countries are seeking to enhance their economic opportunities by entering into regional trading arrangements.

In 1992, ASEAN Heads of Government agreed to create the ASEAN Free Trade Area (AFTA), to be phased in over 15 years commencing this year.

For our part, Canada has entered into a free trade agreement with the United States (the FTA) and we are currently negotiating the final stages of a broader North American Free Trade Agreement (NAFTA) with the United States and Mexico.

Some people see this development of so-called regional trading "blocs" as a new set of barriers to trade. I disagree. First of all, the AFTA, NAFTA and FTA are all consistent with the General Agreement on Tariffs and Trade (GATT).

There is another major benefit from these regional trading zones. An analogy that one could use, perhaps, is that of the broader-based co-operative blocs that have developed, such as the Commonwealth, la Francophonie, the Organization of American States and, of course, ASEAN. These alignments have all gone through a number of stages -- not always positive, or progressive, but in today's environment they are excellent vehicles for co-operation on a variety of fronts.

In the Organization of American States, for example, much of the drive for democratic values and institutions has been reinforced by the support and by the role models provided by other members.

Similarly, economically based organizations such as the Asia Pacific Economic Co-operation (APEC) forum are already directing their attention to issues that inhibit free and open trade, such as customs and other administrative practices.

By tackling these matters at the regional level, new levels of co-operation can be developed at a more global level. For example, the NAFTA negotiations have focused recently on issues related to labour and the environment. By acknowledging that these issues transcend national borders within the region, we can ensure that they do not become non-tariff barriers to trade, but indeed are dealt with co-operatively. Perhaps ultimately they will have a positive impact on global arrangements.

Regional trading co-operation, by its very nature and magnitude, creates tremendous efficiencies and opportunities for the creation of wealth. It is predicted that a successful ASEAN Free Trade Area would create a combined market of 325 million consumers with a combined gross national product of over US\$300 billion annually.

Canada would very much like to participate in the dramatic progress and prosperity that would result from this initiative.

Our bilateral trade relationship with Thailand at present is substantial: \$903 million in 1992. You are our second-largest export market in ASEAN, and twentieth-largest export market in the world, but we can do better.

Our exports to Thailand reached \$326 million in 1992, which is well above trade levels of only a few years ago -- \$130 million in 1985 -- but still down from the record export level in 1990 of \$492 million.

There have been some regrettable setbacks, of course, such as the cancellation of the Skytrain contract with one of our large Canadian engineering firms. Quite frankly, that incident has shaken the confidence of many Canadian firms interested in investing and trading in the region.

However, there have been some successes as well, such as the recent sale of power sector boiler equipment to the Electricity Generating Authority of Thailand by ABB Combustion Canada, worth \$120 million.

And Bell Canada International will provide customer support services for the two million telephone line project here in Bangkok. If there is one thing that Canadians know and love, it

is the telephone. We still lead the world in usage per capita -- it must have something to do with the long distances and the long winters!

Trade, of course, is a two-way street, and Canadian imports from Thailand reached a record level of \$577 million in 1992. Much of that trade was in traditional products such as agricultural or fish products, but there is growing trade in more sophisticated products such as electrical machinery and electronic components. For example, Mitsubishi Thailand's export of cars to Chrysler Canada ranks fifth among Thai shipments to Canada.

Overall, approximately 1.5 per cent of Thailand's world exports in 1990 went to Canada.

We, of course, would like to enhance the level of trade in both directions. One indicator of future levels of trade between our countries is the level of investment by one to the other.

Currently, Canadian investment in Thailand is relatively modest (\$15 million in 1989), lagging far behind your dominant foreign investors: Japan, Taiwan, Hong Kong, the U.S. and the U.K. We have taken some important steps to increase the level of Canadian investment in Thailand.

The Industrial Co-operation Program managed by the Canadian International Development Agency (CIDA) provides support to Canadian firms investigating potential economic and investment opportunities in Thailand. This is supplemented by CIDA's Enterprise Thailand-Canada project, which is being carried out by the Canadian Imperial Bank of Commerce. Already, these programs have supported numerous ventures in manufacturing and service provision in diverse areas such as food processing, metal fabrication and petrochemicals.

Success breeds success. With economic growth in Thailand predicted at 8 to 8.5 per cent for 1993, more Canadian companies can be expected to enter into joint ventures and other long-term commercial arrangements.

Thailand is a country rich in natural resources -- like Canada; with a favourable investment climate -- like Canada; and with prospects to out-perform regional neighbours and competitors -- like Canada. At the base of all this optimism, there is still the need for stability, for social, economic and, most importantly, political stability. That is why I hope you are

proud of all the positive signs that your country has sent in the past few months:

- the democratic elections in September,
- the acceptance of the visit of the Nobel Peace Prize Laureates in February,
- the hosting last week in Bangkok of the Asian Regional Meeting for the World Conference on Human Rights, and
- the initiative last month of the Thai government to host the first of a series of meetings to establish mechanisms to enhance co-operation between ASEAN and the United Nations in the area of preventative security.

All of these are very positive signs, like the first flowers of spring in Canada -- always a hopeful event -- and like the promise and hope of the New Year that you will celebrate.

This is only my second trip to your wonderful city, to your exciting country. I love Thailand. I hope I shall have the opportunity to return many times.

AI
EA
STT
Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/26

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO THE BOARD OF DIRECTORS
OF THE ONTARIO CHAMBER OF COMMERCE



TORONTO, Ontario
April 14, 1993

Mr. Chairman, ladies and gentlemen:

It is always a great pleasure to meet with representatives of Canada's vital private sector. When it comes to building business, working with customers, developing new markets and creating jobs, the Chamber of Commerce knows where the rubber hits the road. The Chamber is an influential voice when it comes to shaping this country's trade policies -- both internal and external. Your input here in Ontario, the nation's most productive province, and Toronto, Canada's financial capital, is a force to be reckoned with.

I am therefore pleased to share some thoughts with you today on the North American Free Trade Agreement (NAFTA), knowing full well that my words will fall on receptive ears. I will address specifically the issues of what is in the Agreement for this province, outline briefly the new Access North America initiative and show how this will help you take advantage of the opportunities the NAFTA will bring, and offer you some insights into the supplementary agreements that are being negotiated. Last but not least, I will touch briefly on another set of negotiations -- this time internal -- that are designed to remove the barriers that hinder trade within our own country.

As you know, we had three basic objectives when we decided to participate in the North American Free Trade Agreement (NAFTA): first, to improve our access to the dynamic, fast-growing Mexican market; second, to build on, and improve upon, the Canada-United States Free Trade Agreement (FTA); and third, to secure equal footing for Canada along with the U.S. and Mexico in competing for investment in North America. We have met all these objectives in the NAFTA.

The NAFTA will open up Mexico's growing market of 85 million consumers to Canadians like never before. Tariff barriers, import licences, investment restrictions, trade balancing requirements and other barriers to Canadian exporters of goods and services will be removed.

For Ontario exporters in particular, the NAFTA offers solid benefits. Let me briefly show you how.

The auto industry -- both automobile and auto parts makers -- has been rightfully described as the engine that drives Ontario's manufacturing economy. It is also the province's leading export sector. Mexico has the continent's fastest-growing automobile market. Under the NAFTA, it will eliminate within 10 years its protectionist auto policy, offering important new opportunities for sales to that country.

Ontario's machinery producers also stand to gain from the NAFTA. Mexico relies heavily on imports to meet its capital goods requirements, and Canadian products are already well accepted among Mexican buyers. As Mexico continues to develop

economically and to upgrade its industrial facilities, opportunities for Ontario machinery and industrial equipment producers will increase.

Telecommunications and information technology is another sector of Ontario's economy that will enjoy expanded opportunities because of the NAFTA. The Agreement removes tariffs and licensing requirements on telecommunications equipment and encourages co-operation toward harmonization of equipment standards for the entire continent. In addition, the Mexican telecommunications sector is being privatized and deregulated. By the year 2000, Mexico is expected to import 42 per cent more telecommunications products, and its demand for imported information technology will likely increase by more than 30 per cent in the next five years. As a result, the Agreement provides even greater opportunities for telecommunications and information technology companies in Ontario.

Many other sectors of Ontario's rich and diversified economy stand to gain from free trade with Mexico. For instance, the reduction of tariffs and licensing requirements should help Ontario's forest industry capture a share of the growing Mexican market for pulp, paper and wood products. Early elimination of Mexican tariffs for nickel, magnesium, and some copper and aluminum ingots means new opportunities for the province's mining and mineral products industry.

As Mexico's standard of living improves, Mexican imports of specialty food items will increase. Ontario is well positioned to benefit from the growing Mexican demand for packaged foods.

The NAFTA also gives greater operating freedom and investment opportunities to Ontario's banks and financial institutions.

All these new Mexican opportunities will not suddenly shift this province's export pattern. As you know, 85 per cent of Ontario's exports -- some \$60 billion worth -- are sold in the United States. The NAFTA is not likely to change that in the near future.

That is why it was important that the NAFTA strengthen and preserve Canada's access to the United States obtained in the Canada-U.S. Free Trade Agreement (FTA), ensuring that Ontario's exporters continue to build on their success south of the border. The NAFTA does just that.

I know that critics, including some in this province, are out to prove that the FTA is not working. We have never denied that there would be adjustments as the FTA began to kick in. I am also the first one to admit that, yes, we have had our problems in a period of recession. But that recession would have been much worse without the FTA. Let's just look at the facts.

We have already seen the benefits that the Canada-U.S. Free Trade Agreement has brought to Canada in the four years since its implementation. Our exports to the United States are setting record levels month after month.

Last year, exports to the United States rose a remarkable 13.6 per cent to \$122.3 billion, up \$14.7 billion from 1991. In 1992, we also saw the creation of 118,000 jobs in Canada.

The beginnings of this turnaround are in no small part attributable to our being partners in the FTA. Whether it is the accelerated elimination of tariffs -- worth \$8 billion in bilateral trade so far, with another \$1 billion slated in the third round -- or access to an exclusive dispute settlement mechanism (more than half of the completed panels had positive results for Canadian industry), all point to advantages of the bilateral trade agreement.

This experience with the FTA shows that participation in the NAFTA will provide further benefits for Canada.

The NAFTA clarifies the FTA's rules of origin, making it simpler to determine what percentage of a product is made in Canada. This means that exports from Ontario, especially automobiles, are less likely to be challenged by our trading partners when they cross the border. But if they are challenged, the NAFTA strengthens the FTA's dispute settlement mechanisms.

In addition, the NAFTA harmonizes customs procedures, expands coverage of service sectors, and extends the refund of duties paid on non-North American parts. The Agreement also makes it easier than ever for Canadian business people and professionals to work for short periods in the United States.

As well as creating new possibilities for the province's exporters, the NAFTA improves Ontario's ability to attract investment dollars. Because of the Agreement, companies opening new businesses in the province now know that they can sell their products to 360 million consumers in Canada, the United States and Mexico, making Ontario a better place than ever to invest.

The NAFTA also safeguards Ontario's fruit and vegetable growers by allowing Canada to take measures against any sudden surge in Mexican imports. Finally, the NAFTA provides better quotas for textile and apparel exports to the United States to offset changes to the rules of origin.

The NAFTA will not by itself revolutionize Ontario's economy, but it will open new doors for Ontario companies looking to sell in Mexico and the United States. The federal and provincial governments are ready to help, too, with market studies of the

United States and Mexico, seminars for business people, and trade fairs that promote Ontario companies across the continent.

One such federal initiative I launched last month is Access North America. This initiative is a direct response to the Action Plan of the Steering Group on Prosperity, a nation-wide series of consultations that the government initiated in the fall of 1991.

The Access North America initiative is designed to increase our exports to Mexico, and these exports in turn will create more jobs.

Let me emphasize that we intend to work in partnership with Canadian businesses like you to deliver key components of this initiative.

One of the key components of Access North America will be the establishment, during this fiscal year, of the first-ever Canadian Business Centre in Mexico City. This unique centre will be equipped to host solo Canadian trade shows and will provide companies with meeting space. Canadian companies will also have access to temporary offices, business support and translation services on site.

For companies that are new to the Mexican market, we will establish the New Exporters to Mexico Program (NEWMEX). NEWMEX will introduce a number of Canadian companies to Mexico through briefings on such topics as customs procedures, shipping, labelling, and financial and legal matters.

NEWMEX follows closely in the footsteps of the highly successful New Exporters to Border States (NEBS) Program that we established some years ago for the United States.

We will also be expanding our Trade Fairs and Missions Program for Mexico because it has a proven track record of success in that growing market. Access North America will add more than 40 prominent events annually. In addition, we will be expanding our Trade Fairs and Missions Program for the United States in those sectors that offer specific opportunities resulting from the NAFTA.

Market information and export education will be key to taking advantage of opportunities in Mexico. Access North America will put into place an extensive program of seminars, workshops, sectoral market updates and market niche studies in locations right across Canada. The objective is to acquaint business with the specific opportunities in that market and to equip you with the knowledge to pursue them.

We are also undertaking programs to capture investment opportunities arising from the NAFTA.

As you can see, Access North America is a bread and butter program. It will be a tool for companies who will see the great potential that the NAFTA creates in Mexico, but who will need some assistance in the basics of this new market.

Canadian businesses have already begun to increase their presence in the Mexican market. One need only point to the 4,500 business people who last year visited the Canadian Embassy in Mexico City, more than twice the number for the previous year.

I invite you to talk to my trade officials and let them show you how you, too, can make Mexico a key part of your marketing activities.

As you know, Canada has already introduced its legislation to implement the NAFTA, and we are confident that it will come into force, after its ratification in the United States and Mexico, on January 1, 1994. Meanwhile, we are participating in the trilateral talks aimed at producing additional agreements on the environment and labour, but agree absolutely with our partners that there is no question of renegotiating the NAFTA.

The NAFTA provides new safeguards that are important to the people of Ontario. For instance, during negotiations, Canada, the U.S. and Mexico made a strong commitment to environmentally sustainable development. As a result, the NAFTA contains more environmental provisions than any other trade agreement, and it forbids countries from lowering their environmental standards to attract investment.

Canada is committed to these parallel agreements, which are designed to strengthen environmental co-operation among our three countries and to open dialogue about the workplace in the liberalized North American market.

The work has already begun on these side agreements. We must, however, be careful when it comes to the question of enforcement of any environmental standard or labour issue that we might agree upon. After all, we are three sovereign countries and we must respect each other's sovereignty.

I am confident that we can find some common ground whereby we can all agree on greater environmental and labour co-operation and at the same time try to improve enforcement.

Among Canada's objectives in these ongoing trilateral talks is a North American Commission for the Environment (NACE). One of its functions would be to co-operate with the Free Trade Commission to achieve the environmental goals of the NAFTA.

The momentum toward more environmental awareness will help foster a climate that will be receptive to new environmental

technologies and products, which may be of interest to Ontario companies that specialize in such know-how.

In the labour discussions, we will be pressing for the establishment of a trinational body to focus on the improvement of working conditions and living standards in all three countries.

Trade liberalization -- internationally -- is essential if Canadians are to have access to wider world markets. But what about here in Canada? Barriers to the free movement of goods, services, capital and people have created fragmented markets.

Two years ago, the Canadian Manufacturers' Association estimated that the hundreds of barriers cost our economy over \$6.5 billion. In a world where being competitive at home is the basis of international competitiveness and of prosperity, fragmented local markets promote the uncompetitive. Creating barriers may have been intended to protect local interests, but in reality these barriers may set up local firms for failure when they are exposed to international competition.

A recent Canadian Chamber of Commerce study shattered the myth that barriers protect industry or that industry wants to maintain the status quo. It found that only 5 per cent of industry benefitted from barriers and that 95 per cent did not.

You know this. You see the operation of barriers in your day-to-day business. You must know of companies who were unsuccessful in bidding on a contract, not because of the price or quality but rather because of the location of the head office, or the place of residence of the workers. Some barriers to internal trade have been with us since Confederation. Some are as new as this spring's flowers -- if we ever see any. But all barriers, no matter how well-meaning their originators, have similar effects that discriminate against other Canadians.

David Morton, Chairman and Chief Executive Officer of Alcan, says, "Without the abolition of interprovincial trade barriers, we are fighting world competition with one hand tied behind our back." In fact, in some areas, our barriers to internal trade make it easier for foreigners to trade in Canada than for Canadians.

Canadians know that the time has come to remove these barriers to trade. Throughout 1992 the Steering Group on Prosperity consulted with over 10,000 Canadians, as well as business, labour, educational and social action groups, about the competitive and learning challenges that we face as a nation. Canadians told the Steering Group that it was time to eliminate all barriers to internal trade. I could not agree more.

So you might ask: "What are you doing about them?"

In March 1992, the First Ministers agreed on the need to accelerate the removal of internal barriers. To this end, they instructed the Committee of Ministers on Internal Trade to complete the work they had already been pursuing by March 31, 1995. Federal and provincial Ministers of Internal Trade have already agreed to open up bidding on most major procurement of goods for government departments. We have also produced an agreement on the sale of beer. But much more remains to be done if we are to deal with remaining barriers by 1995.

Canadian Ministers of Internal Trade are committed to meeting this target. At our meeting in mid-March, we agreed to launch not sectoral, but comprehensive negotiations to reduce internal trade barriers, a sort of internal NAFTA, if you will. These negotiations are to produce an agreement by June 30, 1994, with ratification to follow. Chief negotiators will begin their meetings by early May to prepare an overall work plan, including negotiations in specific sectors. Ministers will meet again in June to assess and approve the plan and will meet periodically during the negotiations to review progress and to give direction.

The final agreement will implement the principle that governments will treat people, goods, services and capital equally, irrespective of where they originate in Canada. It will also include effective compliance and dispute settlement mechanisms. In their work, negotiators will take account of important factors such as the transparency of application, environmental and consumer protection concerns, labour standards and regional development objectives.

In all of this, you, too, have a crucial role to play. You must ensure that all levels of government know about your interest in a single integrated Canadian market. You must let them know about the costs that you are bearing as a result of these barriers. In short, strong, clear and continuing views from the private sector are essential to this process.

I know that I can count on your continued interest and support.

Ontario is founded on a tradition of exporting and trade. The NAFTA provides even more opportunities to strengthen Ontario as Canada's export leader.

Thanks to the FTA, we have guaranteed and secure access to our best trading partner, the United States. We are fully confident that the NAFTA will be equally beneficial to Canada as a whole, and to Ontario in particular. With your help, all our trade-liberalizing efforts -- both international and domestic -- will lead to greater prosperity for all Canadians.

Thank you.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

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93/27

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO A LUNCHEON FOR THE TRADE MISSION TO CHILE



SANTIAGO, Chile
April 27, 1993

Ladies and gentlemen, señoras y señores:

Thank you for the warm hospitality that you have accorded myself and the representatives of 50 leading companies from Canada participating in this trade mission to Chile. Many of these companies are already doing business here. From them, and from many of you, I have learned a great deal about your country on this, my first visit, to Chile.

Minister Alejandro Foxley shares our interest and clear commitment to liberalized trade and investment in the Americas, and I welcome this opportunity to discuss with him ways in which Canada and Chile can pursue this goal together.

I am particularly pleased to see so many of you at this luncheon today. Your presence here demonstrates in very real terms a growing awareness of our trade and other links as partners in the Americas. I welcome this opportunity to share with you some views on trade policy from a Canadian perspective.

International trade continues to be Canada's bread and butter.

Worldwide, our exports totalled \$157 billion last year, while our imports were \$148 billion, for a trade surplus of \$9.4 billion.

One in three Canadian jobs depends on trade. Among the world's leading industrialized countries, only Germany surpasses Canada as a trader on a per capita basis.

During the past decade, trade liberalization has helped our country achieve an annual growth of 7 per cent in international trade -- faster than the rate at which world trade has grown and in spite of a downturn in the world economy.

Recent years have seen great upheavals in the world -- and among them the basics of trade itself. Rapid advances in technology have not only changed the ways in which we trade, but also the very content of that trade. International trading alliances must be strengthened, and we must be prepared to adapt to change a lot faster than was necessary only a few years ago.

No longer are the tangibles -- commodities and products -- the only objects of organized trade. Services are rapidly overtaking merchandise goods in many countries as the driving force of economic growth and health. Technology transfer, intellectual property, investment -- these are the new international trade issues on the table in the Multilateral Trade Negotiations at Geneva.

The challenge of the future requires us to come to grips with the information age and how we are going to adapt to it. As domestic problems and international problems increasingly converge, we will require a substantial change in the way we negotiate our trade and investment rules.

We need to respond as well to political and other developments affecting major markets for our products and services.

The formation of the single market in the 12 countries of the European Community presents new challenges as well as new opportunities. This market of 360 million has replaced the United States as the largest source of direct investment in the world.

Doing business poses other trade and investment challenges -- and opportunities -- in the emerging market economies of Central and Eastern Europe.

Many of the fastest-growing economies in the world have been in Asia, and our trade with them is already significant: We anticipate that at the turn of the century we will be doing \$50 billion in trade with Japan and the so-called "Four Tigers." Ten of our top 25 export markets are now Asia-Pacific economies.

Eight-and-a-half years ago, when the government that I serve first took office, we recognized that the world was changing. We recognized that the transformation to a more integrated, global economy was accelerating and that Canada needed to respond. So we developed and implemented a comprehensive plan of action.

Through privatization, deregulation, tax reform and fiscal control at home, and through a progressive, outward-looking trade policy centred on the General Agreement on Tariffs and Trade (GATT), the Canada-U.S. Free Trade Agreement (FTA) and now the North American Free Trade Agreement (NAFTA), we constructed a solid framework on which to build Canada's economic future. We are also moving to eliminate trade barriers within our domestic market to enhance our competitiveness at home and abroad.

The most important pillar of Canada's international trade policy is our participation in the GATT and our commitment to a successful conclusion in the Uruguay Round of the Multilateral Trade Negotiations. Canada was an architect of the strong multilateral trading system from the time of its inception; we view it as more essential than ever.

For Canada, a successful Uruguay Round would serve a number of specific purposes. It would lead to an estimated \$200 billion in increased trade annually, boosting world growth and development through the freer exercise of comparative economic advantage.

It would strengthen and improve the framework that governs a quarter of our exports and a third of our imports in trade with countries other than the United States. It would address trade issues between Canada and the United States that were not resolved by the FTA or the NAFTA.

Improved rules and dispute-settlement procedures would help Canada -- and all trading partners -- protect and promote respective trade interests on the basis of clear rules rather than economic clout.

A successful conclusion to the Round would extend GATT disciplines to intellectual property and the rapidly expanding world trade in services.

We would both welcome the resumption of talks on the Uruguay Round. We are encouraged by the Clinton administration's intention to seek from Congress extension of the U.S. "fast-track" approval process, and their strong commitment to conclude these talks by December 15 this year.

Our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade that are consistent with the GATT, however, and neither has yours.

Chile has shown dynamic leadership in its unilateral steps to reduce trade barriers, as well as in its co-operative arrangements: Chile is to be congratulated on signing free trade agreements with Mexico and Venezuela.

Your exports to Mexico doubled in the first year of that free trade agreement, providing a market for your booming fruit and agriculture exports, as well as solid opportunities for your processed and high value-added goods. Those results came from tariff reductions and a strong commitment from your private sector to enhance export trade.

Canada achieved the goal of freer trade on a regional level more than four years ago when we implemented the FTA with the United States. Five regularly scheduled tariff reductions have taken place since then, along with three rounds of accelerated tariff reductions.

Comparing total figures for the four years prior to 1989 with the four years since the FTA, our merchandise trade with the United States has increased by 18.2 per cent -- despite a slowdown in the world economy.

Our January trade surplus with the United States of \$2.2 billion was up 78 per cent, or \$1 billion from a year earlier.

Strong export growth indicates the increasing competitiveness of Canada's export-oriented sectors. Exports will contribute to stronger economic growth for the Canadian economy in 1993. Recent indicators show that both the Canadian and U.S. economies will post stronger performances this year.

It is worth noting that the greatest increase in sales on both sides of the border came from manufactured products, those that generate skilled employment. Liberalized trade favours those economic activities that add the most value at the site of production. It plays to a nation's strengths. This is why we favour the methodical pursuit of free trade wherever it can be achieved.

We improved on the FTA and, together with the United States and Mexico, expanded its area of application when we signed the NAFTA. This will continue and augment the process of trade liberalization.

The legislation to implement the NAFTA on January 1, 1994, is now before Parliament; similar legislative packages will be prepared by both Mexico and the United States. Once the Agreement comes into force, applications for membership from other countries are anticipated. Chile has expressed a clear interest, and Canada would view an application from Chile with favour.

As set out in the terms of the Agreement, the existing members will review all applications in the light of prevailing conditions. Those conditions do include a commitment by any applicant to observe the disciplines and meet the obligations of membership. Discussions on this issue will continue.

From a global perspective, I invite you to share with us a vision of the future that contemplates freer trade for all countries in this hemisphere and beyond.

We can also agree to proceed with a number of concrete steps to strengthen Canada's and Chile's business relationship, while the implementation of the NAFTA proceeds.

The strong Chilean economy, founded on extensive free market reforms, is ample reason for heightened Canadian business activity here.

Canada's recent decision to remove Chile from the list of designated countries requiring our banks to maintain special reserves against potential loan losses underlines our recognition of Chile's sound economic management.

To further improve the climate, the governments of Canada and Chile together can erect a stronger institutional framework. That is why Minister Foxley and I are discussing the possibility of negotiating double taxation and foreign investment protection agreements that will add to the predictability and stability of the Canada-Chile relationship.

That relationship is excellent. Canada's interest in Chile has never been stronger, as the size of the Canadian business

delegation accompanying me clearly demonstrates. I am joined here today by representatives from no fewer than 50 of Canada's top firms, here to do business with you.

Canadian companies have also been participating in Chilean trade fairs in record numbers.

- Last week, 35 Canadian mining and services suppliers toured Chilean mine sites.
- Canada mounted its first-ever national pavilion at the avionics trade show FIDAE in March 1992.
- Over 100 Canadian companies were at the Expomin mining trade show in Santiago last May.
- The Canadian Manufacturers Association -- Canada's largest business association -- staged an extensive commercial mission to Chile in September last year.
- Last year, for the ninth consecutive year, 19 Canadian companies attended FISA here in Chile -- the largest trade show in Latin America for consumer products, capital goods and industrial machinery.
- Expocorma at Concepcion in 1991 drew the largest delegation of Canadian forestry firms ever to participate in a trade show outside Canada, and we are expecting over 35 to participate this year.
- During this visit, I will also be speaking at the second Space Conference of the Americas here in Santiago. The Canada booth at the trade exhibit section will feature product literature from over 25 of Canada's leading aerospace and hi-tech companies. Representatives from Canada's space agency will also be there.

This traffic is not all one-way by any means. We are proud to display our technology as it operates in Canada. We have recently sponsored delegations of Chilean business people to Canada in fields such as forestry, the environment, telecommunications and mining.

Chile's equivalent of our Canadian Manufacturers Association (CMA) -- SOFOFA -- will lead a mission to Canada in late May. We are looking forward to this visit. SOFOFA and the CMA will sign a Memorandum of Understanding (MOU) putting their links and co-operation on a more formal footing.

Companies in Canada and Chile are now involved in more than 30 joint ventures ranging across a broad spectrum of economic activity. These are sophisticated joint ventures -- ones that could lead to greater penetration of third country markets in the southern cone.

Canadians know they must continue to seek out new markets and establish new partnerships if we are to prosper in today's global economy. This certainly includes the markets of Latin America.

Canada is responding to these changed realities by asserting its status as a nation of the Americas. We became a full partner in the Organization of American States in January 1990, with all the privileges and responsibilities that membership entails.

We now are actively reaching out to those Latin American nations that are committed to the democratic process and respect for human rights.

We see freer trade as an integral part of these renewed relationships. We believe that freer trade contributes to increased prosperity, and prosperity leads to the stability in which democracy can flourish.

Canada and Chile share a common commitment to democratic institutions, a common belief in liberalized trade and a mutual interest in export development. Our countries have only begun to tap the great potential for expanded trade and economic co-operation.

By strengthening contacts between our respective trade and investment communities, we can work together for greater prosperity throughout the Americas.

We have much to learn from one another and about one another, and now is a good time to start. Thank you. Muchos gracias.

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Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CANADA-CHILE CHAMBER OF COMMERCE

SANTIAGO, Chile
April 28, 1993



Ladies and gentlemen, señoras y señores: good morning -- buenos días.

Thank you, chairman and members of the Canada-Chile Chamber of Commerce, for this opportunity to share some thoughts with you on trade and investment relations between Canada and Chile. We are seeking to build closer ties, and we welcome the Chamber's commitment to increasing trade and investment between Canada and Chile.

Two-way trade between Canada and Chile reached \$347.1 million in 1992, up from \$329.4 million in 1991. Although our exports totalled \$145.1 million, our imports of Chilean products retained their advantage, at \$202 million.

Canada is the seventh-largest trading nation in the world. One third of all Canadian jobs depends on international trade. Our economic success depends on our sales of products and services to other countries, and we market more than natural resources. Though our capabilities are great in agriculture, mineral and forest products, Canada is increasingly developing as an exporter of manufactured goods and innovative services. In telecommunications, aerospace products and transportation, Canada is a world leader.

Like Chile, the markets beyond our borders sustain our development, foster our prosperity, and challenge our competitiveness.

The most important issue for all trading nations is the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations. Both Canada and Chile are working toward that objective through our membership in the Cairns Group, and the successful conclusion of this Round may be in sight. We are encouraged by President Clinton's recent announcement that he will seek from Congress the necessary extension of the U.S. "fast-track" approval process, and by an apparent commitment to conclude these talks by December 15 this year.

Our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade that are fully consistent with the General Agreement on Tariffs and Trade (GATT). Similarly, Chile has pursued its own regional agreements.

Chile has shown dynamic leadership in its unilateral steps to reduce trade barriers, as well as in its co-operative arrangements: Chile is to be congratulated on signing free trade agreements with Mexico and Venezuela.

Your exports to Mexico doubled in the first year of that free trade agreement, providing a market for your booming fruit and agriculture exports, as well as solid opportunities for your processed and high value-added goods. Those results came from

tariff reductions and a strong commitment from your private sector to enhance export trade.

Canada achieved the goal of freer trade on a regional level more than four years ago when we implemented the Free Trade Agreement (FTA) with the United States.

Canada's experience with the FTA has been very positive. Our exports to the United States are at record levels. Foreign investment is up, and we have benefitted from the dispute settlement provisions that are the centrepiece of the Agreement.

As further evidence of the success of the Agreement, Canada and the United States recently announced the results of the third round of tariff acceleration affecting \$1 billion in two-way trade. Tariff acceleration provisions enable industry in both countries to request the elimination of tariffs at a rate faster than provided for in the FTA. The overwhelming industry response to tariff acceleration demonstrates that business is eager to take advantage of the benefits of the FTA.

Comparing total figures for the four years prior to 1989 with the four years since the FTA, our merchandise trade with the United States has increased by 18.2 per cent -- despite a slowdown in the world economy.

We improved on the FTA and, together with the United States and Mexico, expanded its area of application when we signed the North American Free Trade Agreement (NAFTA). This will continue and will augment the process of trade liberalization.

The legislation to implement the NAFTA on January 1, 1994, is now before Canada's Parliament; similar legislative packages will be prepared by both Mexico and the United States. Once the Agreement comes into force, applications for membership from other countries are anticipated. Chile has expressed a clear interest, and Canada would view an application from Chile with favour.

As set out in the terms of the Agreement, the existing members will review all applications. Applicants will need to observe the disciplines and meet the obligations of membership. I'm sure we will pursue this topic further. Chile has by itself substantially liberalized its trade and investment environment, demonstrating its commitment to open markets and freer trade.

There is no need, however, to wait for the implementation of the NAFTA to strengthen Canada's and Chile's business relationship. The strong Chilean economy, founded on extensive free market reforms, is ample reason for heightened Canadian business activity here. To improve the climate further, the governments of Canada and Chile together can erect a stronger institutional

framework. That is why Minister Foxley and I yesterday discussed the possibility of negotiating double taxation and foreign investment protection agreements, which will add to the predictability and stability of the Canada-Chile relationship.

That relationship is excellent. Canada's interest in Chile has never been stronger, as the size of the Canadian business delegation accompanying me clearly demonstrates. I am joined here today by representatives from no fewer than 50 of Canada's top firms. They are eager to do business with you.

Canadian companies have also been participating in Chilean trade fairs in record numbers.

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This traffic is not all one-way by any means. We are proud to display our technology in operation in Canada. We have recently sponsored delegations of Chilean business people to Canada in fields as diverse as forestry, the environment, telecommunications and mining.

Companies in Canada and Chile are now involved in more than

30 joint ventures across a broad spectrum of economic activity. These are sophisticated joint ventures -- ones that could lead to greater penetration of third country markets in the southern cone.

Chilean and Canadian companies are working together to manufacture mining equipment, conduct geophysical exploration, process wood, assemble furniture, irradiate food and lumber, develop software and produce architectural designs.

Canadian companies are currently bidding to provide new radar installations for your civil aviation authority. In this context, it's important to note that our vendors are experienced in meeting procurement requirements that are technically demanding.

Northern Telecom recently supplied \$12.5 million worth of cellular equipment to Cidcom Celular.

Yesterday, I witnessed the signing of a \$5-million contract under which LARCAN Inc. will sell 32 TV transmitters to Television Nacional de Chile.

Canadian companies can deliver the world's best products at competitive prices. Foremost among them are important infrastructural goods, including hydroelectric components and power boilers -- items necessary for increased economic development. For instance, GE Canada is bidding to supply electrical components for Endesa's Pangue hydroplant, and Babcock and Wilcox is bidding to supply power boilers to Forestal E. Industrial Santa Fe Maciniento Chile of Santiago.

Traditionally, Canada has prospered through resource extraction. With the decline in world commodity prices over the past 10 years, our producers have developed new technology to become more competitive, and learned to work more efficiently. Much of Chile's future prosperity depends upon continued expansion in its resource-based sectors. The list of entrepreneurs who expressed interest in Chile reads like a directory of Canada's mining industry.

These companies remain interested in investing their capital and expertise in developing new mines. They also recognize the rapidly emerging opportunity to export our technology in the form of advanced mining equipment and processes, and engineering and consulting services. For example, B.C. Bearing Engineers Ltd. has just signed a joint venture deal with UHCO S.A. to market Canadian mining equipment here.

Canadian mining engineers have also been in the forefront of developing methods for pollution control and waste management. This is an important area that all countries with significant

mining sectors must address, as they strive to preserve their environment. Sustainable development is an important principle for us all, and Canadian firms have much to offer in the way of environmental services to the mining industry.

What is true of mining is equally applicable in your forest products industry, which -- in under 25 years -- has grown into an export business worth US\$1 billion. Over the next seven years, Chile's dynamic forestry sector plans to invest more than US\$1.3 billion in sawmilling, wood-processing and pulp and paper facilities. Our companies fared very well in the last round of contracts, and we intend to be at least as competitive in the next round of acquisitions.

There are also environmental considerations in the forest products industry, especially as they relate to pulp and paper operations.

Canada is committed to the view that environmental friendliness is not only compatible with -- but indicative of -- the best and most efficient forestry, mineral or manufacturing processes. More and more companies are adapting "green" production techniques that have resulted in increased efficiency, along with access to new markets in which environmental concerns are paramount. Environmentally friendly technology is generally buyer-friendly and energy-efficient. Canadian researchers lead in a variety of approaches to environmental protection.

We are actively seeking partners who will invest money, talent and experience in achieving clean air, water and soil for today's citizens -- and a healthier world for their children.

The increased openness of your markets and the prosperity of your nation make Chile an attractive investment location. Canadians recognize this. Our direct and portfolio investment in Chile at this time is estimated at US\$2.2 billion. Canadians have been the single-largest foreign investors in Chile in each of the last two years.

We are working to provide support to Canadian firms that invest in Chile. Canadian investment in Chile is eligible for insurance through our Export Development Corporation (EDC). The EDC offers a trade financing line of credit with a Chilean bank and is currently negotiating additional facilities with other banks and telecommunications companies.

Canadians know that they must continue to seek new markets and establish new partnerships if they are to prosper in today's global economy. The markets of Latin America hold great potential.

Canada and Chile share a common commitment to democratic

institutions, a common belief in liberalized trade and a mutual interest in export development. Our countries have only begun to tap the great potential for expanded trade and economic co-operation. Trade agreements create opportunities to expand trade and investment. Trade development initiatives, such as this mission, can help companies in Canada and Chile make the most of those opportunities.

We will succeed only if companies such as yours, Canadian and Chilean -- and organizations such as the Canada-Chile Chamber of Commerce -- explore and take full advantage of the new markets created by these agreements. As members of the Chamber, you can play a leading role in building closer ties between Canada and Chile as partners in the Americas.

Thank you for showing me the dynamism of your nation, the charm of your country and the warmth of your hospitality.

Minister of Industry,
Science and Technology and
Minister for International Trade.

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/29



CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS

BY THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,

TO THE
SPACE CONFERENCE OF THE AMERICAS

"CANADA AND INTERNATIONAL CO-OPERATION IN SPACE"

SANTIAGO, Chile
April 28, 1993

Mr. Chairman, distinguished delegates:

Thank you for this opportunity to participate in the second Space Conference of the Americas. Credit is due to the Chilean government for organizing this important event as a follow-up to the 1990 San José conference. This conference gives renewed impetus to regional co-operation, development and integration in the Americas, in the field of space activities and their applications.

The space age started about 35 years ago with the launching of Sputnik, the first artificial satellite, in 1957. Five years later, Canada became the third country in the world to build its own satellite -- Alouette I -- and in 1972 became the first country in the world to operate a commercial, domestic, geo-stationary satellite communications system. Three Canadian astronauts have now had the opportunity to participate in U.S. space shuttle missions.

Canada can rightfully claim to be one of the pioneer nations in the peaceful use of outer space. Why? The answer lies in our immense geography, our varied climate and resources, and our unevenly spread population. Early on, these naturally pushed us to develop space-based communication systems and to investigate the opportunities resulting from the use of remote-sensing data gathered from space.

Space technology unites Canadians through cross-country weather reports, television, telephone, fax, electronic mail, tele-education and tele-medicine. At the same time, it connects Canadians to the world.

Since those early years, the benefits of space activity have become increasingly apparent in many fields of endeavour. Our irrepressible curiosity about the universe has allowed us to leave the earth and has given us a new perspective on our own planet. The challenges presented by space activity have also produced advantages on earth, through the use of new technologies developed in space and a better understanding of human physiology.

Current international circumstances encourage greater international co-operation in space. The two major space powers are themselves engaging in closer co-operation. Moreover, the large costs of major projects -- as well as present budgetary constraints in most countries -- compel us to look for international partnerships to share expertise, risk and resources.

The Canadian Space Program has a tradition of international co-operation, in order to make the most of our investment and to benefit from the know-how and experience of others. This tradition has been successful, and Canada will continue to undertake most major initiatives in partnership with other countries.

Canada's three major space programs are partnerships with other nations. Our contribution to the international space station -- the mobile servicing system -- builds on expertise gained during development of the Canadarm. The space station is a collaboration with the United States, the European Space Agency and Japan.

The other projects being developed are Radarsat, which will be the most advanced radar earth-observation satellite ever deployed, and MSAT, a mobile communications satellite for remote and rural areas. These are both co-operative efforts with the United States.

Canada has co-operated with many partners such as the U.S., France and Sweden in the development of instruments needed for space missions and by participating in joint missions. Future projects include the development of MOPITT, an instrument for the measurement of pollution in the troposphere that will be flown on a U.S. polar platform.

We are also extremely pleased with our co-operative agreement with the European Space Agency. For 15 years, Canada has enjoyed a fruitful relationship with the European space program that has enabled Canadian industry to build partnerships with European space companies by participating in such important programs as Olympus, ERS-1 and ERS-2.

Other international projects of significance include the COSPAS/SARSAT search and rescue system. Originally developed by the United States, Russia, France and Canada, it now includes 24 participating countries. We would like to see as many countries as possible join the program, which is credited with having saved nearly 2,000 lives so far.

Through our national program and international partnerships, the Canadian space industry has honed its competitive edge. It has achieved an enviable level of expertise and excellence in such fields as telecommunications and robotics, as well as the space and ground segments of earth-observation satellites and related applications, and the industry has developed a dynamic export market. Some representatives of these successful companies have accompanied me to Chile and are participating in the exhibition being held during this conference.

An important focus of this conference is the use of remote sensing data from space for monitoring the environment. The Earth Summit, held less than one year ago in Rio de Janeiro, succeeded in impressing three vital facts upon us.

First, we can no longer ignore the consequences of human activity on the environment without jeopardizing the well-being of future generations.

Second, problems such as climate change, the loss of biodiversity, ozone depletion, atmospheric degradation, depletion of ocean resources and the expansion of deserts require worldwide co-operation for global solutions.

Third, the environment and development are closely linked: they cannot be dealt with in isolation from each other.

The purpose of Agenda 21 is to promote sustainable development. Our meeting here in Santiago should help identify the best uses of space activity to achieve the objectives set in Rio.

Long before a satellite is built, before new applications are found, people from different backgrounds and different parts of the world must get together and exchange ideas. Broad objectives are then defined, and projects identified.

Education is the fundamental requirement for the emergence of scientists and engineers who are able to elaborate such ideas. It is therefore appropriate that one of the working groups of this conference deals with education issues.

With the priority of education in mind, Canada developed an interactive encyclopedia on global change, called *Geoscope*, as its contribution to the international space year. The first version of this software will be available this fall. This encyclopedia vividly illustrates the environmental changes occurring on earth and in the near-earth environment. *Geoscope* will provide hands-on experience to people around the world, and will confirm the vital importance of satellite data in monitoring the global environment.

Research is of paramount importance, and for many years Canada has had a significant global environmental research program. On March 25, Canada signed an agreement to establish the Inter-American Institute for Global Change Research. We believe this institute is a prime example of how regional co-operation in the Americas can be organized.

Last year, in co-operation with the European Space Agency, Canada carried out an airborne radar remote-sensing project over six countries of Latin America, as part of the Sarex '92 campaign. The results of this component of Canada's tropical forestry initiative were communicated to you by a representative of the Canada Centre for Remote Sensing on Monday. This project was so successful that it is serving as a model for Globesar, a similar campaign being planned for this fall in Europe, Africa and Asia that will demonstrate and investigate the applications of radar remote-sensing data in a wide variety of fields.

Through the International Development Research Centre (IDRC), Canada is contributing to follow-up projects related to the Sarex campaign in Costa Rica. Moreover, IDRC has contributed to

projects involving the use of remote-sensing data in Bolivia, Colombia, the Dominican Republic and Chile -- and new projects are being considered.

The Canadian International Development Agency (CIDA) has also participated in projects in many Latin American countries that use expertise, equipment and technology developed by the Canadian space industry. These projects use remote-sensing data, as well as data from ground instruments originally designed for satellites, to support the sustainable development of natural resources that will lead to economic recovery and the alleviation of hardship.

In January 1995, Canada will become a source of remote-sensing data for the international community with the launching of Radarsat, the first earth-observation satellite dedicated exclusively to using radar technology. This innovative technology allows the satellite to collect data throughout the day and night, as well as through cloud cover. By varying the direction of the radar beam, users will be able to select the specific sites where they require imagery. Latin America, like Canada and the United States, will be covered every seven days or less, depending on the kind of radar image selected.

One of the objectives of this important program is the involvement of the private sector. To achieve this, a consortium called Radarsat International Incorporated has been awarded exclusive international distribution rights for Radarsat data in exchange for a contribution to the Radarsat ground segment. There are also provisions for revenue sharing from the sale of Radarsat data to support the cost of operating the satellite.

In the field of telecommunications, Canada participates in regional organizations such as the Inter-American Telecommunications Commission. It has also been successfully pursuing satellite co-ordination agreements with Latin American countries. Recently, Argentina has acquired the services of the two Anik C satellites from Telesat Canada to provide services until it launches its own satellites in 1996.

The night sky continues to fascinate us all. The addition of artificial satellites tracking rapidly across the backdrop of deep space is the tangible result of this interest. The images of earth that we receive from those orbiting platforms have given us all a new perspective on our own planet. The view from space makes us more aware of how unique and fragile earth is. This perception of our planet creates a strong sense of solidarity -- not only among individuals, but also among nations.

The Canadian government looks forward to continuing its fruitful co-operation with countries of the Americas -- co-operation that has produced so much through space activities and their applications -- and wishes all participants success in this conference.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO THE ARGENTINE COUNCIL FOR INTERNATIONAL RELATIONS



BUENOS AIRES, Argentina
April 29, 1993

Ladies and Gentlemen, Señoras y Señores:

I welcome this opportunity to address the Argentine Council for International Relations. Many of you look back on lengthy and distinguished careers in government or diplomatic service. And so I look forward to an exchange of views with you concerning Canada's broadening relations with Argentina.

The Government of Canada and Canadians are becoming increasingly interested in Argentina. We are impressed with the success of your extensive political and economic reforms of the past few years. We are eager for a closer, more productive partnership and we are supportive of your efforts to strengthen your international ties.

The Group of the Latin America and Caribbean Countries (GRULAC) has selected Argentina as the regional candidate for election to the Security Council of the United Nations. Canada will support Argentina in its bid for election to the Security Council.

Among the many areas of co-operation between Canada and Argentina, peacekeeping is certainly one that reflects our common commitment to world stability. Argentina has been an active contributor to UN peacekeeping missions in the Middle East, Angola, Western Sahara and El Salvador. Argentina joined the Coalition forces in the Gulf War.

Canada and Argentina are working shoulder-to-shoulder in the UN peacekeeping mission in the former Yugoslavia; some of your 900 soldiers are stationed in the same Croation sector as Canadian troops. Last June, a delegation from our Department of National Defence visited Buenos Aires to share Canada's peacekeeping experiences with Argentina. An Argentine delegation is expected in Canada later this year.

A Canadian delegation will visit Buenos Aires from May 18 to 20 to begin negotiations on a new nuclear co-operation agreement. The agreement, and the new commercial possibilities it is expected to open, will depend on Argentina's ratification and implementation of the Treaty of Tlatelolco. We hope this occurs shortly, and we will also welcome Argentina's adherence to the Non-Proliferation Treaty. It is rewarding for Canadians to work closely with other nations in the pursuit of a stable international environment and world peace.

Bilateral agreements between Canada and Argentina can also bring the citizens of our two countries closer together. A new air transportation agreement, which expands air links between Canada and Argentina, was concluded in 1992, and we are looking at ways to expand our co-operation to other areas, such as informatics, postal services and financial management.

Canada has adjusted its foreign policy in recent years to take greater account of our geographic location as a nation of the

Western Hemisphere. Our own clear interest in expanding our trade and political relations, as well as the reforms that have swept through the countries of Latin America, have made a closer partnership with our neighbours in the Americas a major Canadian foreign policy objective.

We became a full partner in the Organization of American States (OAS) in January 1990. We are now actively pursuing stronger bilateral relations with the countries of this hemisphere.

Canada wants to work even more closely with Argentina within the OAS. We share many similar positions on issues ranging from reform of the OAS itself to security and the promotion of democracy throughout the region. We look forward to continuing this co-operation in the lead-up to the next general assembly in Managua in June.

Free trade is an integral part of these renewed relationships. Our total bilateral trade with countries on this continent reached \$6.8 billion in 1992. Canadian direct investment now exceeds \$6 billion, and is bound to increase more rapidly as investment protection agreements and taxation arrangements are worked out with individual nations.

Canada is the seventh-largest trading nation in the world. Worldwide, our merchandise exports totalled \$157 billion last year while our imports were \$148 billion, for a trade surplus in goods of \$9.4 billion.

One in three Canadian jobs depends on trade. Among the world's leading industrialized countries, only Germany surpasses Canada as a trader on a per capita basis.

During the past decade, trade liberalization has helped our country achieve an annual growth of 7 per cent in international trade -- faster than the rate at which world trade has grown, and in spite of a downturn in the world economy.

But recent years have seen major developments affecting the very basics of trade itself. They are occurring in nearly every world region.

The formation of the single market in the 12 countries of the European Community presents new challenges as well as new opportunities. This market of 360 million has replaced the United States as the largest source of direct investment in the world, and their direct investment in Canada now exceeds that of the United States.

Through various initiatives, we are actively developing our trade and investment relations in Central and Eastern Europe.

Many of the fastest-growing economies in the world have been in Asia, and Canadian trade with them is already significant: we anticipate that at the turn of the century we will be doing \$50 billion in trade with Japan and the so-called "Four Tigers." Ten of our top 25 export markets are now Asia-Pacific economies.

Rapid advances in technology have not only changed the ways in which we trade, but also the very content of that trade.

The value-added goods produced by knowledge-based economies command premium prices, lead to diversification and reduce dependence on any one sector.

Countries with knowledge-based economies are able to support high-level health, education and social support services for their citizens. Moreover, countries with well-educated, healthy and socially secure populations typically possess the skills and talents needed to add value to such products.

In my view, then, we can achieve prosperity and growth by pooling our resources and working together. We can jointly exploit niche opportunities in the global economy that match our combined skills. We are seeking joint ventures, strategic alliances and investment opportunities that generate know-how for both countries.

The character of world business is changing in other important ways. No longer are the tangibles -- commodities and products -- the only objects of organized trade. Services are rapidly overtaking merchandise goods in many countries as the driving force of economic growth and health.

Technology transfer, intellectual property, investment: these are the new international trade issues on the table in the Multilateral Trade Negotiations (MTN) at Geneva.

As domestic challenges increasingly involve international implications, we need to take these into account when we negotiate our trade and investment rules. International trading alliances must be strengthened -- and we must be prepared to adapt to change a lot faster than was necessary only a few years ago.

The most important pillar of Canada's international trade policy is our participation in the General Agreement on Tariffs and Trade (GATT) and our commitment to a successful conclusion of the Uruguay Round of the MTN. Canada was an architect of the strong multilateral trading system from the time of its inception, and we view it as more essential than ever.

Canada and Argentina share a common interest in the outcome of these pivotal world trade talks as participants in the Cairns

Group. A successful conclusion will go a long way toward stabilizing world markets for our grain and other agricultural products that are so important to both our countries.

For Canada, a successful Uruguay Round would serve a number of specific purposes:

- One component of the Draft Final Text of the Uruguay Round offers proposals by which future management of trade issues might be streamlined. In 1990, Canada was one of the first proponents of a world trade organization, conceived to offer a stronger institutional basis for international trade policies. Canada is still very positively disposed to such an institutional framework. The idea has been recast in the current round of negotiations as the Multilateral Trade Organization (MTO).
- We have seen the benefit of improved trade remedy procedures under our Free Trade Agreement with the United States, and have advanced upon the FTA mechanism in the North American Free Trade Agreement (NAFTA). Strengthened GATT disciplines in this area in the Uruguay Round result -- enshrined in an MTO -- would benefit Canada and all the world's trading nations. Within the context of a completed and successful Uruguay Round, such an organization can take the GATT and its members into the next century..
- A successful conclusion to the Round would extend multilateral disciplines to intellectual property and the rapidly expanding world trade in services.
- Improved rules and dispute settlement procedures would help Canada -- and all trading partners -- protect and promote respective trade interests on the basis of clear rules rather than economic clout.

We are encouraged by President Clinton's recent announcement that he will seek from Congress extension of the U.S. "fast-track" approval process, and his apparent commitment to conclude the Round by December 15.

Our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade that are consistent with the GATT, however, and neither has yours.

Canada and the U.S. negotiated a free trade agreement in 1987. Since the FTA came into force on January 1, 1989, five regularly scheduled tariff reductions have taken place along with three rounds of accelerated tariff reductions.

Canada's experience with the FTA has been very positive. Comparing total figures for the four years prior to 1989 with the

four years since the FTA, our merchandise trade with the U.S. has increased by 18.2 per cent -- despite a slowdown in the world economy.

Our January trade surplus with the United States of \$2.2 billion was up 78 per cent, or \$1 billion, from a year earlier.

Strong export growth indicates the increasing competitiveness of Canada's export-oriented sectors. Exports are fuelling Canada's economic growth and Canada is expected to lead the group of seven (G-7) leading industrialized countries in 1993. Recent indicators show both the Canadian and U.S. economies will post stronger performances this year.

We improved on the FTA and expanded its area of application when we signed the North American Free Trade Agreement along with our partners, the United States and Mexico. This will continue and augment the process of trade liberalization.

In the meantime, Argentina, Brazil, Paraguay and Uruguay have agreed to create the MERCOSUR common market by the end of 1994.

Arrangements such as the NAFTA and the MERCOSUR augment the GATT and share a common goal: freer trade that fosters market efficiencies in the interests of consumers as well as producers.

Both initiatives, though not yet implemented, have already produced dramatic increases in trade.

We are travelling parallel routes. The NAFTA and the MERCOSUR are not competitors. Instead, they represent common commitments to the principles of freer trade among nations.

The legislation to implement the NAFTA on January 1, 1994, is now before Canada's parliament. Once the Agreement comes into force in all three countries, applications for membership from other countries are anticipated.

The NAFTA is not an exclusive club. Nor is it intended to raise barriers against other nations. In my view, the NAFTA accession clause reinforces the partners' commitment to regional freer trade and to reinforcing multilateralism. Canada is willing to explore ways in which Argentina and other countries can become partners within the NAFTA.

I invite you to share with us a vision of the future that contemplates freer trade for all countries in this hemisphere and beyond.

As set out in the terms of the Agreement, the existing members will review all applications. Applicants would have to accept the disciplines and obligations of the Agreement. Argentina has

by itself substantially liberalized its trade and investment environment, demonstrating its commitment to open markets and freer trade. I'm sure we will pursue this topic further.

Trade between Canada and Argentina has fluctuated markedly in recent years. Our exports to Argentina in 1992 increased 64 per cent to \$101.2 million from sales of \$61.7 million in 1991. Two-way trade similarly increased to \$223.4 million in 1992 from sales in 1991 totalling \$191.7 million. Canadian direct investment also continues to grow, reaching \$210 million in 1992, compared with \$70 million a year earlier.

In addition to free trade, Canada and Argentina have both made major reforms encompassing privatization, de-regulation, controls on government spending, tax reform, price stability and improvements to the climate for investment.

Canadian and Argentine companies are already exploring opportunities created by these structural changes in a number of sectors. For example:

- The privatization of Argentina's oil and gas industry is attracting Canadian companies. Two Alberta companies -- Chauvco and Norcen -- are already stakeholders in your oil and gas fields. A third Alberta company, Novacorp, is now operating your northern gas transmission system. In each case, these companies bring knowledge and experience -- as well as capital -- to Argentina.
- The privatization of your telecommunications and transportation networks presents other areas in which we can work together. Canadians have become expert at developing and applying technology in transportation and telecommunications.

It is impossible for any one country -- or company -- to stay abreast of all the technologies developing in communications, however. DTI Technologies of Montreal, for example, is working on one niche -- emergency call systems -- in Argentina and other countries. LARCAN Inc. of Ontario is installing solid-state television transmitters here and elsewhere.

- Argentina plans expansion in its resource-based sectors. For the past 10 years, producers in Canada and Argentina have had to learn how to operate more efficiently to remain profitable in an era of declining commodity prices on world markets. It's another area in which we can -- and should be -- working more closely together. For example, Musto Exploration Ltd. of Vancouver is recruiting investors for a \$500-million copper and gold mine project in Catamarca Province.

We realize that investment -- like trade -- is a two-way street. The door is open to Argentine investors interested in exploring opportunities in Canada. We have a highly skilled, highly educated work force and a solid infrastructure of public and private services. Monetary and fiscal policies aimed at preserving a sound investment climate make Canada attractive to foreign investors. We will continue to welcome the new capital and experience made available by investors from Argentina and elsewhere.

To further improve the climate, the governments of Canada and Argentina together can erect a stronger institutional framework, and our private sectors can use this framework to pursue productive partnerships that will address market needs. The interest of our business sector is reflected in the large business delegation accompanying me during my visit to Argentina.

That is why Foreign Affairs and International Trade Minister Di Tella and I have signed a Double Taxation Agreement. I also delivered a note confirming that Canada has completed formalities required to bring into force the Foreign Investment Protection Agreement signed in the fall of 1991. This agreement between Canada and Argentina, aimed at promoting and protecting investments, now enters into force. We believe such measures contribute to economic stability and more secure relations -- resulting in greater prosperity for all.

Canadians know they must continue to seek out new markets and establish new partnerships if we are to prosper in today's global economy. This certainly includes the markets of Latin America, and particularly Argentina. We see you as an increasingly important partner in trade and investment. Closer ties will benefit not only Canada and Argentina, but all the countries in this hemisphere.

Your Council serves as a valuable forum through which to broaden our knowledge and understanding of one another. That can only lead to closer ties between us.

Thank you, again, for the warmth of your hospitality, and for inviting me to share this time -- and these thoughts -- with you.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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CHECK AGAINST DELIVERY

NOTES FOR A TOAST BY

THE HONOURABLE MICHAEL WILSON,

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND

MINISTER FOR INTERNATIONAL TRADE,

TO A DINNER FOR THE TRADE MISSION

TO ARGENTINA

BUENOS AIRES, Argentina
April 29, 1993



Señor Cavallo, Señoras y Señores, Ladies and Gentlemen:

I want to begin by thanking Minister Cavallo for hosting this dinner.

I speak for representatives from all 46 companies joining me on this trade mission to Argentina when I say that we are deeply appreciative of the courtesy and warmth with which we have been received here in Buenos Aires.

The Italian explorer Sebastian Cabot visited both what is now Canada and Argentina in the early 16th century, when he sought a Northwest Passage to the Pacific and Asia and a route to the Pacific by way of South America. His travels are a common link with our past. If he joined us here today, Cabot would note some striking similarities between Argentina and Canada:

- Our populations are roughly the same size.
- We share similar geography.
- We tend to carry out projects that are alike in nature and scope.
- We both recognize the importance of providing our young people with access to education that is free to the university level.
- We appreciate the need to provide a social-welfare system covering disability, retirement and pensions for seniors.
- Our manufacturing base is diversified, including significant automotive sectors.
- We both recognize the importance of advanced transportation, pipeline and communications networks.
- We are major exporters of wheat and other farm commodities.
- Canada and Argentina are both producers of copper, lead, zinc, gold, silver, iron ore, natural gas, petroleum and coal.
- Our forest products industries are world class.

Let me turn now to some steps Canada and Argentina have been taking recently to become more competitive in markets at home and abroad.

We have both implemented extensive economic reforms that include privatization, de-regulation, controls on government spending, tax reform, price stability and improvements to the investment climate. Owing in part to your structural reforms, the value of

Canada-Argentine trade last year rose to \$223.4 million from \$191.7 million a year earlier.

Both Canada and Argentina have also launched important free trade initiatives. These initiatives are built on the existing multilateral framework and are consistent with the General Agreement on Tariffs and Trade (GATT). They provide the basis for future co-operation in the extension of free trade principles.

We are travelling parallel paths in seeking increased trade and investment through such agreements. The North American Free Trade Agreement and the MERCOSUR are two initiatives that will improve the regional economies to which their respective members belong.

As participants in the Cairns Group, Canada and Argentina share interests in a successful conclusion to the Uruguay Round of Multilateral Trade Negotiations under the GATT.

Canada is eager to strengthen and increase ties with Argentina. We see you as an increasingly important trading partner.

Firms from Canada and Argentina are already working together in joint ventures that will benefit both countries in a wide range of sectors. The companies joining me on this visit are interested in working with you in fields such as oil, gas and petrochemicals, mining, electric power, electronics, satellite and other telecommunications projects, as well as bovine embryo transplants.

The governments of Canada and Argentina can take concrete steps to improve the institutional framework within which companies from both countries can work together.

During this visit, Foreign Affairs and International Trade Minister Di Tella and I will sign a Double Taxation Agreement. I will also deliver a note confirming that Canada has completed formalities required to bring into force the Foreign Investment Protection Agreement signed in the fall of 1991. This agreement between Canada and Argentina, aimed at promoting and protecting investments, will now enter into force. We believe such measures contribute to economic stability and more secure relations -- resulting in greater prosperity for all.

Let me now ask you to join in a toast to celebrate these agreements in a new and closer partnership between Canada and Argentina for increased trade and prosperity throughout the Americas.

Thank you. Muchas gracias.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO A BUSINESS SERVICES SECTOR LUNCHEON



TORONTO, Ontario
May 13, 1993

I recently saw a cartoon about an imaginary conversation between an old Russian woman and a Russian cosmonaut who had just returned after a year in space.

"Comrade," the cosmonaut begins, "I've been in space for a year. It's good to be back in Leningrad."

"Sorry," the woman replies, "Leningrad is now St. Petersburg."

"Leningrad out? But Lenin was the father of communism."

"Sorry, communism is out. We are now capitalists."

"Capitalists? But how could Gorbachev allow this to happen?"

"Sorry, Gorbachev is out. He was overthrown by the hardliners."

"You mean the hardliners are in charge?"

"No, the hardliners are out. And Yeltsin took over."

"You mean Yeltsin is the head of the Soviet Union?"

"No, the Soviet Union is out, too."

"No Soviet Union?" cries the cosmonaut in disbelief.
"Quick, alert the Warsaw Pact."

"My son," says the old woman, "we need to talk."

A few years ago, we Canadians were like that Russian cosmonaut. There had been rapid changes. Our familiar world was shifting. We needed to talk.

The federal government helped to get Canadians talking. We invited Canadians to take part in the Prosperity Initiative. We asked them to work together to develop a plan of action to address our economic challenges.

Canadians responded. They talked together in 186 Community Talks and in regional consultations in five major centres. They talked at round tables, conferences and in forums. They talked about science and technology, education, government, quality, investment and trade.

A remarkable consensus developed about creating our economic future.

Canadians want to meet the global economic challenge. To meet it, they said, we all must change. We must change how we work,

learn and innovate. We must choose co-operation, not confrontation -- action, not argument.

The talking is over. Now, speaking for Canadians, the Prosperity Steering Group has given us a plan for action, "Inventing Our Future: An Action Plan for Canada's Prosperity."

Your industry joined in the Prosperity Initiative. In November 1991, you participated in National Services Conferences held in six cities across Canada. And your Business Services Consultation Group, under the leadership of Robert Ferchat -- who I'm pleased to see here today -- issued its report in May 1992. It called for private and public sector co-operation for action in seven key areas: people, government, trade, finance, information, innovation, and partnership.

The consultations brought together owners, managers, workers, customers, suppliers, educational institutions and governments. That team effort resolved problems and suggested solutions. It was the kind of team effort the new global business climate values. We can't become -- or stay -- competitive by relying only on individual firms acting independently. Co-operation and collaboration can solve problems and create opportunities.

This government is a partner with you. Let me tell you how, as a partner, we are acting on your industry's recommendations to solve problems and create solutions. And I want to challenge you to act, to be more aggressive in creating a new competitiveness for Canada.

The simple fact is that you are the key to Canada's economic competitiveness. Your sector creates wealth and more than two thirds of Canada's jobs. Your services are vital to the success of the goods-producing sector. Your competitiveness is essential to making Canada's future prosperous. So it is no surprise that our Prosperity response focuses on your concerns. It is the reason your sector is one of the ten getting priority for export development.

We have negotiated more open international trade for Canadian business. We are continuing to press for increased open access in international markets through the General Agreement on Tariffs and Trade (GATT) Uruguay Round. And we have already won freer access for Canadian services under the Canada-U.S. Free Trade Agreement (FTA) and further expanded this access under the North American Free Trade Agreement (NAFTA), which includes Mexico.

The NAFTA opens a door to unlimited trade and investment opportunities. Access North America is a \$27-million, four-year

program to get Canadian business started through that door with:

- the New Exporters to Mexico (NEWMEX) program;
- support for a Canadian business centre in Mexico City;
- an expanded trade fairs and missions program; and,
- extensive market information and export education projects.

Freer access doesn't make sales. It creates the potential for trade. To turn potential into sales, more Canadians need global trading knowledge and skills. We can create that knowledge and skill. Working with the private sector, we are doing just that. We joined the Chamber of Commerce, the Canadian Federation of Labour, the Canadian Exporters Association and others, to form FITT -- the Forum for International Trade Training. FITT graduates will have the know-how to get through the doors we are opening, in order for you to close Canadian sales.

In a minute, I'll talk about another partnership to develop successful international traders in the services sector.

The federal government is doing its part to develop exports. Industry associations can also develop exports. Services industries account for 70 per cent of our gross domestic product (GDP) -- but only 20 per cent of exports. We must confront the imbalance -- and we are.

I am particularly pleased to see Lynn Haight here. She is the newly appointed chair of the Sectoral Advisory Group on International Trade (SAGIT). The rejuvenated SAGIT will focus on closing this critical gap in our trade in services. Recognizing the vital role your associations can play in developing new markets abroad, we have included them in the Program for Export Market Development (PEMD).

We are using competitiveness frameworks, a new tool, to find where Canadian industries fit in the competitive global framework of their sectors. We will work with business and provincial governments to prepare competitiveness frameworks for several services sectors. The sectors include consulting engineering, geomatics, environmental services, distribution services, and commercial education and training services.

To improve your competitiveness -- and the general competitiveness of Canadian industry -- your consultation group wants stronger industry associations. So do I. Strong industry associations are, like partnerships and strategic alliances, essential tools for building a strong, competitive industry. Canadians know this. Throughout the Prosperity consultations, Canadians repeatedly urged a new co-operation and collaboration for competitiveness.

To start making associations stronger, in February I called together representatives of 19 Canadian associations for a brainstorming session. At this session, an expert panel gave us four characteristics of an ideal industry association. They are:

- high density of representation;
- sophisticated policy expertise;
- sophisticated technical expertise; and
- trust between association staff and members.

How do Canadian industry associations stack up against those criteria? Not well, according to the experts. Canadian industry associations are generally highly fragmented, with a poor density of representation, and weakly integrated.

Everyone at the meeting agreed that associations can improve competitiveness. Everyone agreed that there should be better co-ordination and co-operation among industry associations. Everyone thought that there is room for informal networking among associations. But this is not enough. Thought and agreement must become concrete action.

This sector has many distinct but successful industry associations. This gives you a unique opportunity. You can develop a network of associations. You can create a network of expertise unlike anything Canadian business has seen. A services association network could be a model for other associations.

I have asked my officials to study industry associations. When that study is complete, I intend to meet again with association leaders to begin to change the association model. At that time, I hope that I can look to this sector as an example for others to follow.

In this rapidly changing economy, it won't be uncommon for a company to be a supplier to another company in one business, a competitor in another business, and a partner in a third business.

Using the template of a strong industry association network, you can form company-to-company partnerships. Join other companies and groups of companies to form strategic clusters and form these critical business masses to become internationally competitive. Don't believe that you cannot export your services because you are a small firm. Thousands of small Canadian firms have services to offer in markets all over the world.

Use alliances and strategic clusters to leverage your resources, and to benefit from others' strengths.

Partnerships will move you beyond your boundaries -- just as they have moved our international competitors beyond theirs.

I said the same thing at the National Services Conference in Toronto in November 1991:

We can start changing our ways by casting off the myths about competitiveness. We can build a new competitiveness grounded in the traditional Canadian values of co-operation and teamwork in tackling and solving common problems.

This government will work with business to develop partnership and co-operation. In 1991 and 1992, the federal government joined private and public sector organizations to sponsor Services Month. And we will be partners again for the third annual Services Month this November. We know from the Prosperity consultations what the important issues are. Services Month is an opportunity to work on those issues.

The activities for Services Month we are discussing include:

- quality seminars;
- repeating the Competitive Edge Visits Program, which was so successful in Manitoba;
- workshops on partnership development through inter-firm co-operation, modelled on B.C.'s Flexible Networks;
- access to Finance workshops, modelled on last year's successes;
- strategic planning for service firms, another repeat of a success from last year;
- managing the Marketing Function workshops, similar to last year's workshops in Quebec City and Sherbrooke;
- workshops on global business planning and expanding markets through strategic alliances, joint ventures and partnerships; and,
- workshops to help manufacturers find trading house partners.

Services Month is not an end, but it can be the start of acting together to meet common challenges, to learn from each other's success. Last year's Services Month was an opportunity for associations and businesses to build partnerships. We are repeating our sponsorship to continue that partnership building. We will create a climate in which winners can emerge and succeed. We are ready to support your companies and associations in sharing knowledge.

But you have to make the first moves. The federal government isn't going to do it for you. No provincial government is going to do it for you.

Later today, you will see the result of another government-industry association partnership. This partnership takes the experience of an entire association's membership to benefit every

member -- and every business services exporter and potential exporter.

That partnership, between the Canadian Exporters' Association and the federal government, has just published a multi-media, self-help marketing kit especially designed for your industry.

Today I am pleased to join our partners in launching the kit, called "The Road to Success: Exporting Services to the United States." Both experienced exporters and newcomers will find it a useful marketing tool.

The kit includes a video and a user-friendly Export Readiness Diagnosis computer disk. I urge you to attend the information session just after this luncheon. In light of the successful partnership that created the kit, I am pleased that the President of the Canadian Exporter's Association, Mr. Mark Drake will be participating in this session. I know that you will be interested to see how you can use this kit's unique features to help you build export sales.

Canadians are in the midst of change. Our world and our economy are changing under many pressures -- information, innovation, technology. It is change that may be as fundamental and broad as the Industrial Revolution. It is change that is a certain promise of a surge in human progress and prosperity.

In times of great change, people of vision and energy shape the change. Energetic visionaries form human, natural and technological resources into new patterns.

You can choose to let others shape the change. Or, you can choose to shape the changes to create more competitive businesses and a more competitive industry -- and a more competitive Canada.

Thank you.

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Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO THE C.D. HOWE INSTITUTE POLICY ANALYSIS COMMITTEE

"PRODUCTIVITY, PROSPERITY AND PERSEVERANCE:
THE CANADIAN CHALLENGE"

TORONTO, Ontario
May 13, 1993



I'm going to start with a quotation I came across recently that sums up the theme of my message better than I could myself. It goes like this:

High employment, high income and high production ... together represent a high standard of living. They are not a gift that can be handed down by the Government. They can be provided only by new and vigorous types of co-operative action between federal and provincial governments, between producers and management and labour, and between government as a whole and industry as a whole.

These words say it so well that I must give credit to the original source. They were spoken on November 20, 1946, and the speaker was C.D. Howe.

They would have been just as appropriate this year spoken by Don Mazankowski. Or, for that matter, 100 years ago by the Honourable G.E. Foster, who was Minister of Finance in 1893. Appropriate because they express truths about Canada and its economic situation that are timeless in their validity.

To the extent that we have lived by these common-sense precepts, we have done well. But when we strayed from them we quickly got into trouble. Our history bears that out, up to and including the latest chapters. And that is the ground I would like to cover with you tonight.

Canada made its way through the 1950s, the '60s and the early '70s with considerable economic momentum. We made our money in what the actor John Houseman used to call in those stockbroker commercials "the old-fashioned way". We earned it. We were a productive economy and a competitive one. And we didn't travel on a credit card -- we paid our way.

In those years, the Canadian economic vessel was on the right course. The stars we steered by were stable prices, balanced public finances and a commitment to liberalized trade. The propeller was co-operation -- government and the private sector working together for the common good. It got us where we wanted to be. Between 1950 and 1973, real incomes grew at an average rate of 4.3 per cent per year¹, compared with half that rate in the decade that lay ahead.

We started to go astray in the 1970s. It happened gradually, a degree at a time. What began as a policy misstep here and a neglected opportunity there, became a definite trend. In less than a decade this trend developed into a major change of course

1 Department of Finance, *Charting the Economic Course in a World of Change*, p. 7.

away from the economic policies that had served us so well. What were we doing differently in that period?

To start with the basics: we forgot what it was that made the Canadian economy perform well. We lost sight of the importance of price stability and fiscal stability to productivity. We ignored the link between productivity and competitiveness, and the health of a modern economy. Our competitors, unfortunately, did not.

Secondly, we forgot that competitive edges have to be constantly resharpened. We did not reinvest enough in new capital, new technology, better training or more relevant education. Because our traditional industries were doing so well, we did not diversify fast enough into new sectors and new markets. And we didn't pay attention to the fact that other countries were doing all these things.

Thirdly, we lost sight of the principle that C.D. Howe put at the top of the list -- co-operative action: getting our act together, building collaboration between producers, management and labour.

We became so wrapped up in constitutional wrangling among ourselves that we forgot about competing with the outside world. We became so preoccupied in "divvying up" the Canadian economic pie, that we neglected our more fundamental common interest in making it bigger.

And, as a result, Canadians stopped earning their standard of living in the 1970s and began to borrow it. We borrowed from every nook and cranny of the world.

There is one aspect of this story that I want to dwell on for a moment because it is important in the context of where we stand today and where we go from here.

The changes of course we made in those years went largely unnoticed by most Canadians. Economic analysts, business leaders and others who many regarded as spoilsports did suggest that the vessel now seemed to be on course downstream, in the general direction of the falls. But everyone was too busy enjoying the ride to listen. A blind spot about the relevance of things like productivity, competitiveness and deficits to the real lives of people, was part of the problem.

Getting these realities into national focus has to be part of the solution.

It's important for Canadians to understand where we've come from in recent times, where we stand now, where we ought to be and what we need to do to get there.

Where we are is still uncomfortably close to the falls. We are on the right heading now, but it will not be a quick journey or an easy one. Setting economic policy is like steering a supertanker. Once a given direction is taken, it achieves its own momentum. It takes a long time to turn the vessel around.

Fifteen years is a long time to be headed the wrong way. Since 1984, we have been working hard to get back on track.

On November 8, 1984, I had the honour to present Parliament our new Conservative Government's Agenda for Economic Renewal.

Nothing in An Agenda for Economic Renewal would have sounded very strange to C.D. Howe, and I think he would have liked it. It set out a plan for sound government finances and a vision for public-private sector co-operation to increase productivity. The fact that it was considered a bit radical at the time was only a measure of how far off course Canada had fallen over the previous years.

I believe that the current government can look back on that first declaration of economic policy with satisfaction. The vision was right then and it is right today. We have remained faithful to the vision and we have accomplished much. Reforms in trade policy, tax policy, privatization, inflation control and deregulation have immeasurably strengthened Canada's economic base, but much more remains to be done to realize our vision of a productive, competitive economy.

One area where we have yet to fulfil our agenda is in the area of deficit reduction. While our performance on deficit reduction was not as forecast in 1984, I will not shrink from defending the Government's record. Real progress has been made. When we came to power we inherited a spending juggernaut that had become accustomed to 14 per cent annual growth over the previous 15 years. Our government has held program spending increases to about 4 per cent, lower than the rate of inflation over the same period. To maintain the discipline, we have legislated spending controls. Program spending has dropped 2½ percentage points as a share of gross domestic product (GDP) since 1984/85.

Public-sector deficits still haunt our economic prospects. While federal deficits are now much lower as a portion of the economy than in 1984, the same cannot be said of provincial deficits. Current public-sector deficits are much too high. Together they place an unsupportable burden on capital markets and taxpayers alike.

What is different now is the level of public understanding. Governments can lead public opinion, but they cannot pursue policies that the public does not understand. For far too long, public-sector deficits were seen as a "paper" problem, distant

from the concerns of real people. Those days are over. Recognition of the destructive impact of cumulative deficits has spread to circles that we could not have imagined in the mid-1980s. This is a real accomplishment of our government and is an advantage that we must build upon.

Public understanding alone is not a sufficient condition for solving the problem, but, as I have learned through experience, it is a necessary one. There are tough decisions ahead at every level of government. However, I am optimistic. Governments are now reflecting a strong consensus among Canadians that we must deal with the debt and deficit problem -- now.

Don Mazankowski's April budget, coming in the wake of a tough and wintry December economic statement, keeps us on that course despite a weak global economy. Not only have there been no new taxes or tax increases, but we have cut personal and corporate taxes to aid the recovery and competitiveness. More than \$30-billion worth of spending has been cut. Federal fiscal policy is headed in the right direction.

But Canada is not out of danger yet -- and we are not yet getting all our oars in the water together. Even when we do get our stroke together we have a long way yet to go. Our collective public-sector debt, at 88 per cent of GDP, is much too high. Canada's total foreign debt at more than \$300 billion makes us one of the world's biggest foreign debtor nations. Our national productivity performance did not keep up with other countries during the 1980s, and with the United States in particular.

These are warning signals -- more than that, they are danger signals, red alerts -- which we ignore at our great peril. It's wake-up time for Canadian business, labour and government. This is no time for gradualism. We must respond immediately, and we must do so with a combined plan for action by the federal and provincial governments.

If there is one objective that takes precedence over all the others, it has to be the improvement of Canadian productivity. We must make our economic engine more efficient -- we must get a higher ratio of output to input. Achieve that goal and much of the rest will follow.

Better productivity starts an upward spiral. Better productivity brings better profit margins, more cash for investment, higher real wages and a better standard of living.

As we become more productive we become more competitive. As we become more competitive we reduce our current account deficit and we generate a greater flow of revenue to pay down the overall deficit. Better productivity means better economic times.

And the record shows that. The 1950s and '60s were good years for Canada. In that period, labour productivity increases averaged 4 per cent. In the 1980s it was 1½ per cent. Multi-factor productivity growth was flat.

Getting productivity up is a challenge that requires action at both the macroeconomic and microeconomic levels.

In the matter of public policy we must build on a commitment to two unshakable principles.

1. No government, federal or provincial, must be allowed to grow in size and cost beyond our ability to support it without borrowing. We must reduce both federal and provincial spending as a percentage of our national income.
2. Governments -- all governments -- must hold the line on taxation. That too is crucial. If we are to regain our global competitiveness, tax rates in this country cannot rise any further. The strategy for deficit reduction must be based on controlling and reducing government spending.

To achieve these goals, and to avoid nullifying each other's efforts, Canada's governments, federal and provincial, must get their acts together. They must co-ordinate their policies on spending and taxation and on borrowing.

There was a time when this subject couldn't be raised in polite conversation. In these leaner years it has become completely mentionable. Provincial governments are talking openly now about the need for co-operation, with each other and with Ottawa. And, as Don Mazankowski said in his budget speech, he has invited his provincial colleagues to a meeting to get this vital work started. This collaboration is essential.

We paint the broad strokes on the canvas with macroeconomics. It takes action at the microeconomic level to fill in the details. And, as Ross Perot keeps reminding Americans: that's where the devil is.

There are a multitude of microeconomic facets to the productivity challenge. There are many sectors of our national way of life and ways of doing business that require attention.

The cutting edge of the effort has to be the private sector. That's where the knowledge of the problems is. That is where action has to begin.

It was to draw up a real-world agenda, that we launched the Prosperity Initiative. This was not yet another government study. It was an exploration of the challenges we face, conducted by eminent Canadians, none of them in government, but

people from diverse backgrounds from different parts of the country.

This group listened to Canadians in every walk of life and every region. They produced an action plan for prosperity. That blueprint, with 54 specific recommendations aimed at all sectors of society, was delivered to the Government in October.

It calls for a partnership effort by Canadians, to build our prosperity on the solid foundation of productivity.

Let me emphasize that the Action Plan is an active plan. It has been influential. It is now part of our national agenda. In fact, many of the objectives that I will be talking about tonight flow directly from that document. In addition, I want to mention just a few specific actions that have been taken since October.

- We have provided federal support for the creation of a Canadian Network for Total Quality, a private-sector partnership in pursuit of quality. The purpose is to help Canadian businesses tap into the expertise they need to lead the world in quality.
- The federal government has agreed to join with private-sector partners and the provincial governments in building a high-speed, broad-band "information highway." In terms of nation-building, this is the 20th Century version of the building of the Canadian Pacific Railroad. The project will be led by companies in the telecommunications and computer fields: Stentor, Unitel, IBM Canada, Newbridge, Gandalf, DMR and others.

The Action Plan contains strong recommendations for action on education. This area is inseparably linked to our economic performance, and I want to discuss it in detail here.

The quality of our educational and training systems demand constant evaluation in the same way that we look at every other competitive factor -- in relation to our current needs and in relation to what other nations are doing. We must constantly review techniques. The work of upgrading the quality of Canadian education must be continuous.

And it must be national work -- work by the nation.

Because the truth is that competition between countries is, at one level, competition between education systems -- ours versus theirs -- at every level from kindergarten to postgraduate.

During the Prosperity consultations, two messages kept coming through. In education, Canadians want nothing but the best. They are willing to pay for it. They know they are already

paying for it. And we are certainly paying enough. This country spends 7.8 per cent of its GDP on education. The problem is not that we are not spending enough on education. The problem is that we are not getting value for it.

And that is the second message. Canadians are downright dissatisfied with the quality of education in this country. The discontent is general and well-informed. It comes from students, from parents, from business, from labour and from educators. It manifests itself in a growing uneasiness about high-school drop-out rates, low rates in functional literacy and numeracy, and a general lack of preparedness for the modern workplace.

Canadians don't want to see the federal government getting directly involved in education. They do believe that it is logical and desirable for the federal government to provide some leadership in this field. They see this to be critical to our competitiveness and our standard of living. The Government of Canada can make quality education and training what it needs to be: a Canada-wide cause.

The goal is clear enough. We want a quality, results-oriented system for education and training in this country.

The federal government can be a catalyst for collaboration in making this happen. It can and should bring together what we're calling these days "the stakeholders": students, parents business, labour, and the provincial governments. I believe that the federal government, acting on behalf of all Canadians, has a responsibility to lead the way -- and a responsibility, too, to press the provinces to implement the changes that are required.

Another area in which federal leadership is needed is the development of national standards. And by that I don't mean federal ones. I mean standards for measuring quality and progress that would apply from coast to coast; leadership in developing a system that focuses on excellence and on results.

The place to start is with a decision about what we, as Canadians, want our education and training systems to achieve. Having made that decision, we must reorient the system to fit. Doing things in that order -- rather than the other way around -- will get us to a system focused on results.

During the Prosperity consultations, some hard and searching questions were raised about the system. They were common from one end of the country to the other. The most basic concern is the end product. Canadians are demanding action, and they are looking to both the federal and provincial governments for solutions. Canadians individually are not getting the quality of education and training they need to make it in the world of work.

Collectively, they are not getting the quality they need to compete internationally.

Canadians believe the business community should get more involved in developing curricula.

Canadians say that if we want to get quality results we have to ensure that pre-school children are ready to learn. We must do what needs to be done to ensure that kids from disadvantaged homes get help in overcoming handicaps in learning. Because if we don't do that, disadvantage, with its social and economic costs, will be passed on from one generation to the next as another unpaid debt.

We have a shorter school year in Canada than in many other countries -- 185 days compared with 240 in Japan, for example.² That practice dates back to a time when most children were needed to help on the farm in the summer. We shouldn't lengthen the year for its own sake. But we should, if that's what it takes to accommodate quality education.

We also compete on training. A better trained work force is a more productive work force. The country that deploys it comes in with an insurmountable edge.

It is time to start thinking about training as a lifelong process -- training before the first job, training during jobs, training between jobs. It is time to look at better training as a common interest -- to be pursued co-operatively by management, labour, government and educators.

Another area in which we compete is the quality of management. Relative to the competition, it's time for managers to ask some tough questions while looking into the mirror. Compared with our opposite numbers in Osaka or Frankfurt or Atlanta, how do we rate as managers? How do we rate on innovation and on receptiveness to new technology? Compared with companies in other countries, do quality, flexibility of process and dedication to results rate high in our management values? In the drive for higher productivity, this is where the rubber meets the road.

When it comes to the quality of management, the buck stops with the managers, and no one else.

Let's also understand whose desk it lands on. When we talk about the need to improve management, we're not talking about other folks in other sectors. We're talking about everyone -- in both the private and public sector. Canadian management, collectively, must do a better job.

And closely related to that indicator is our performance in research and development (R&D).

In Canada we have a curiously unbalanced record. Governments spend \$8 billion a year on R&D and basic research. Our tax incentives for R&D are probably the best in the world. Proportionately, Canada's public-sector support for civilian R&D is close to the average among our major competitors.

But in private-sector R&D and innovation, we are further back in the pack. It's up to industry to change that -- no one else can.

In the matter of social infrastructure, we have some things going for us. One is the Canadian medicare system. As our neighbours to the south have been discovering, in health care we do much more than they do for much less. It is a Canadian competitive edge.

But no one is saying that about our regulatory system or the disincentives to work that are built into our unemployment insurance and welfare systems. Or about our system of standards and certification. Getting rid of these handicaps is a complex challenge that cannot be tackled unilaterally. They involve every level of government -- federal, provincial and municipal. They engage the interest of deeply entrenched constituencies. But they are issues we must deal with now, and in a global context.

I should add that when I say "we", I don't mean just government. These frameworks of policy don't build themselves. They are shaped by the constituencies that take the trouble to get involved. You have to get in there or your views will not register.

The quality of our trade policy is now and always has been a major influence on our national competitiveness.

The objective of that policy must be to turn a trading nation into a nation of traders. We are far from that yet.

We have 40,000 manufacturing plants and mills in this country. Only 15 per cent export, and most are big firms. But there are big markets out there waiting to be pitched directly by smaller contenders. That's how small companies get big. And smaller companies can compete internationally. I can give you examples of small, specialized Canadian firms that are doing business with giants in the United States, Germany and Japan.

There are individual sagas of small business success. There is a company in Burnaby, British Columbia, with 50 people on the payroll -- Interstyle Ceramics Industries Ltd. It developed the world's first 3-D glass decorating tiles. Exports to the United

States alone account for 20 per cent of its income, and it is also shipping to Asian markets.

Phoenix Biomedical Products Inc. of Mississauga employs 45 people. Its business is laboratory equipment. It has designed a better Petri dish and it is selling it to a world market. Exports to Europe, Asia, the Middle East and Latin America account for a large share of sales.

I could go on -- one of the great aspects of this job is that I get to hear about the successes that don't often make it to the news. There are two common lessons to be learned from all these companies. Size is not an obstacle. And innovation moves mountains.

Penetration of international markets is something that companies have to do for themselves. But there are things government can do to help -- supplying the global market intelligence networks needed to find opportunities and exploit them, for example.

And as they explore these new markets, Canadian businesses should be examining the merits of strategic alliances, which are so much a feature of world trade today. They should be thinking about co-operation as well as competition. They should consider which mode makes sense in a given situation.

They should also be picking their targets carefully. The old military principle of concentration of effort applies here. Small economies with relatively smaller firms can't be everywhere on the map.

We must make the most of improved access to markets. In particular we must take full advantage of opportunities to benefit from technology transfers and associated investment flows. This is the key to improving value-added trade here in our own market.

Finally, we must give free trade a home in Canada. And I mean that in two ways. First, let us, as a country, embrace free trade rather than shrink from it. Let us see it for what it is: an opportunity, not a threat. The countries and companies that have done so are the winners today.

Second, let us move forward with the overdue work of bringing free trade to our own Confederation; the barriers between Canadian provinces still stand. They cost us plenty -- \$6 billion a year, according to the Canadian Manufacturers' Association. The federal and provincial governments have agreed to tear down the walls by 1995. It is vitally important that we do so, for as long as we keep these anachronisms in place, we are thwarting ourselves in a race that is tough enough without self-inflicted wounds.

These are all challenges of adaptation -- and we should not underestimate them. But there is no reason either for pessimism. Canada didn't make it to the ranks of the Group of Seven leading industrialized countries (G-7) by doing the same old things in the same old way, decade after decade. Our history is one of keeping up with change.

If you've been watching, you know we're doing it still.

In terms of leading-edge growth, there has been a constant evolution in the structure of industrialized economies throughout this century. The commodity economy gave up leadership to the mass-manufacturing economy. That in turn gave way to the high-technology, knowledge-based economy, which is where we are today. Its mainstay sectors include computers, semiconductors, health and medical services, telecommunications and instrumentation. These are the engines of the new economy. That is where the most dynamic growth is coming from. The good news is that Canada is not only part of this new economy but a leader in converting to it.

I'm not at all sure that Canadians understand the extent of this transformation. In fact, I could point to examples of this lack of understanding on any nightly news broadcast. Editors reflect the bias of their viewers when they show manufacturing assembly lines as the background to stories about the economy.

The fact is over 71 per cent of Canadians don't work in manufacturing or agriculture or construction: they work in the service industry. That industry includes everything from the neighbourhood pharmacist to ecologists. The service industry is home to most of the knowledge-based economy.

The knowledge-based economy includes many manufacturing firms, but most knowledge industries can be found in the services sector. Yet many popular commentators dismiss increases in the services sector employment as merely hamburger-flipping jobs. The fact is that most of the job growth in the last 30 years has been in services -- a trend that is unlikely to change in the future.

The services sector boasts most of Canada's knowledge workers of today. They are their companies' greatest assets. But they are also key to our prosperity because their knowledge-based value added is the foundation of competitiveness in the goods-producing sector. Their knowledge makes possible the design, marketing, distribution and even disposal of all the goods now produced by the manufacturing and food processing sectors. They make it possible for our manufacturers to compete on the basis of distinctive design, quality and service, rather than simply on price. This in turn helps them to command higher prices for their goods. Yet many Canadians still nurture the view that jobs

in this sector are somehow less meaningful than jobs in manufacturing.

Canada is strong in the knowledge industries that constitute the engines of growth in the new economy. They enrich and invigorate every other sector, including the traditional industries that are still our major assets -- that still contribute mightily to our economic growth.

A final thought about our current situation before I close.

The school of hard knocks is a tough place to get an education, but it offers a highly relevant curriculum. The recession has taught Canadians a lot about productivity. The question is, will the lesson be retained?

It's not an academic question. We've been in this situation before. We came out of a painful recession in the early '80s. In those years too, business and government drove themselves hard. By 1987, the economy was on a roll. At that point we let up on the oars, perhaps more than we should have. Hindsight is always 20-20. And by hindsight we can see that it would have been better to paddle harder than ever.

We've got a chance now to turn hindsight into foresight.

The economy has started to come back. Labour productivity grew by 1.8 per cent in 1992. The Organization for Economic Co-operation and Development says that Canada's productivity growth this year will be among the highest in the G-7. It is a lot easier to make the adjustments we need to achieve productivity in a growing economy than in a declining one.

The challenge now is to resist the temptation to take a break, to keep the pressure up, to continue to drive ourselves. And, when times are good, to do so, without the wolf at the door. This is a time for discipline and perseverance.

I would like to see more companies active internationally. And not just because it would improve our exports and competitiveness. Companies that compete year in, year out, with the best from other countries keep their edges sharp. Success in that arena is achieved by world-class performance. It is achieved by talented and aggressive people taking on the best in the world. Entrepreneurs using state-of-the-art technology to meet their customers' needs in imaginative ways. That's the formula for success. And the crucible for that chemistry is international competition.

Competitiveness is ultimately about people. Overcoming the tragedy of unemployment will require competitive companies

expanding and hiring. There is no other way. Governments cannot hire everyone -- or at least not for long.

Public-sector deficits do not produce durable jobs -- but they do have costs as we are all now beginning to understand. Attempts to balance the budget and control inflation were not undertaken because of some misguided need for tidiness. We did it, and do it, to get the climate right for full employment. But this alone is not enough. As C.D. Howe noted in 1946, "government at its best can only provide the good climate for economic growth. The growth itself depends on the efficiency of labour and management and their willingness to work together for higher standards of living, and on their mutual determination to give value for costs."

I have set out the course that I believe we must steer to achieve prosperity. With great effort we have put the ship on that heading. The challenge now is to resist the temptation to coast. The challenge is to work together to maintain momentum.

Perhaps I could leave you with some of C.D. Howe's thoughts on the aim of government policies that I think are as fresh and relevant today as they were when he first uttered them in May 1948.

The times in which we are living call for initiative and resourcefulness We must be constantly alive to the changes taking place in the world and quick to seize every opportunity that will build up our economy It cannot be done overnight but I am confident that, with the co-operation of industry, of government and of [other] organizations ... we can build toward a better Canada and a better world.

This is a formula that helped us to enjoy prosperity in the past. Like most Canadians, I know it can do so again.

Thank you.

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Minister of Industry
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce international

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CHAIRMAN'S CLOSING STATEMENT
AT THE
TORONTO MINISTERIAL MEETING ON THE
URUGUAY ROUND

Chairman:

The Honourable Michael Wilson
Minister of Industry, Science and Technology
and Minister for International Trade

His Excellency Yoshiro Mori,
Minister of International Trade and Industry, Japan

Ambassador Michael Kantor,
United States Trade Representative, The United States

Sir Leon Brittan,
Commissioner for External Economic Relations and Trade Policy,
European Community



TORONTO, Ontario
May 14, 1993

- Today in Toronto, I hosted an informal meeting of my colleagues from the United States, Mickey Kantor, the European Community, Sir Leon Brittan, and Japan, Yoshiro Mori.
- Our leaders have asked us to work diligently toward a broad and ambitious market-access package with a view to announcing the main elements of this at the Economic Summit in July in Tokyo.
- We have had a very positive day of discussions. We made a concentrated effort on all the key areas of the market-access negotiations in the Uruguay Round. We have covered trade in both goods and services.
- The purpose of our meeting was to seek to lay the basis for reengaging the multilateral negotiations in Geneva as soon as possible. We are agreed that we want to achieve a positive outcome to the Round this year.
- While clearly it is not appropriate to go into details, let me say that the discussions today have been characterized by their vision, flexibility and open-mindedness. We had a solid businesslike meeting building toward a large package of results.
- I believe that we have started a new momentum on this very important initiative for economic growth, both internationally and for each of our economies.
- Our intention now is to take advantage of this momentum. We have instructed our negotiators to follow through on this with meetings as necessary to carry forward this work.
- We have put in place a very intensive process among ourselves, which will lead the G-7 (Group of Seven leading industrialized countries) Summit in Tokyo. As Ministers, we expect to meet again at least on two occasions before the Summit to help ensure maximum progress.
- The first of these meetings will occur on June 2 in Paris on the occasion of the Organization for Economic Co-operation and Development (OECD) annual Ministers' meeting. The second is anticipated to be held in Japan on or about June 24.
- We hope that we can achieve a significant breakthrough on market access among ourselves by the time of the Summit so as to allow the negotiating process in Geneva to fully reengage with all other trading partners on all outstanding issues.
- We will now open the floor to questions.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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AS DELIVERED



AN ADDRESS BY

THE HONOURABLE MICHAEL WILSON,

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND

MINISTER FOR INTERNATIONAL TRADE,

TO THE

CANADA-JAPAN BUSINESS CONFERENCE

BANFF, Alberta
May 17, 1993

Mr. Chairman and distinguished delegates:

Thank you for your warm welcome. It gives me great pleasure to address a group such as yours, which has contributed so much over the years to the excellent state of the Canada-Japan economic relationship.

Since I became Minister for International Trade two years ago, I have had the pleasure of meeting both Canadian and Japanese members of the business community on numerous occasions, including many of you. But this is my first opportunity to speak to your Conference.

It is particularly pleasant to welcome our Japanese friends to such an attractive and popular part of our country. The Canadian Rockies are indeed a favourite destination of Japanese visitors to Canada, as our colleagues in the Tourism sector can attest. Mr. Yamashiro¹, we are delighted to have you and your colleagues with us.

Today, I want to touch on a number of topics:

- First, our shared bilateral and multilateral interests;
- Second, the challenges we face -- particularly those confronting Canadians -- in realizing fully the potential of our business ties;
- Third, I want to discuss with you a new Canadian Action Plan for Japan; and,
- Lastly, I want to say a few words about the North American Free Trade Agreement -- and why it is good for Canada and Japan.

As you know, Canada's relationship with Japan is characterized by significant commercial, investment and technology exchanges, and rapidly increasing tourism. Japan is second only to the United States as Canada's most important economic partner.

Last year, our two-way trade totalled more than \$18 billion. Some 470,000 Japanese tourists visited Canada. Japanese direct foreign investment in Canada reached \$6.5 billion in U.S. dollars. Portfolio investment exceeded \$49 billion.

We already enjoy an excellent relationship. But the potential to make it even better is enormous.

Canadians see in Japan today a market increasingly open and receptive to imports. The yen has practically doubled in value since 1985 -- a function of Japan's remarkable economic achievements. All this has opened numerous possibilities for

¹ Yoshinari Yamashiro, Japanese Chairperson of the Canada-Japan Business Conference

Canadian suppliers of products and services, particularly in higher value-added items now imported increasingly by Japan.

Peter Lougheed spoke this morning about Canada-Japan Forum 2000. He has given you a flavour of the Forum's numerous recommendations, all designed to build on the already excellent Canada-Japan relationship.

Prime Minister Mulroney was delighted with the ideas put forward for Canadians and Japanese by this group of highly distinguished citizens from our two countries. We all owe them a special vote of thanks -- in particular, Mr. Yoshio Okawara, the Japanese Co-Chair, who addressed your conference in Yokohama last year, and, of course, the Canadian Co-Chair, Peter Lougheed.

Nor should we forget the Canada-Japan Business Conference (CJBC) members of the Forum -- Hart MacDougall and Koichiro Ejiiri -- who brought their unique experiences, both in business and from their active participation in this conference, to the deliberations of the Forum.

The Prime Minister regards the Forum's report as a blueprint for future Canada-Japan relations and he has been pleased by the excellent progress made to date on implementing its recommendations. To ensure that the momentum the report has developed is maintained, the Prime Minister has asked Peter Lougheed to quarterback the Canadian side of the post Forum 2000 advisory group, which is charged with advising our two governments on the report's implementation.

Following Peter Lougheed's presentation of the Forum's report last December, the Prime Minister asked [Secretary of State for External Affairs] Barbara McDougall and myself to look at how Canadians -- that is, governments, business concerns, academics and private individuals -- might respond to the recommendations.

A number of them are of interest to you, ranging from multilateral economic and political co-operation to richer cultural and academic contacts.

But two in particular deserve further comment here:

- one advised governments to remove impediments to bilateral corporate investment, strategic alliances and technological exchanges,
- the other urged Canadians to improve their understanding of the demand side changes creating growth opportunities for the export of higher value-added goods to Japan.

Let me start with the second of these two recommendations, that of urging Canadians to pay more attention to the growth sectors

of Japan's import market. Here, I issue Canadians a challenge: take better advantage of the opportunities this growth offers. I also invite our Japanese friends to work together with Canadian companies to develop and provide the new products that Japan's economy needs.

The Government of Canada recently demonstrated its support for expanded business linkages by establishing a Canadian presence throughout Japan.

In November 1991, I opened the new Canadian Trade Consulate in Fukuoka. My colleague, the Honourable Tom Hockin, Minister of State for Small Businesses and Tourism, opened our Trade Consulate in Nagoya in November last year. This followed the Prime Minister's May 1992 appointment of Honourary Commercial Representatives in Sapporo, Sendai and Hiroshima, all of whom have since been working to develop Canada-Japan economic linkages in areas where we have had limited presence.

Despite these and other comprehensive efforts to build Canadian business with Japan, Canada's export performance to Japan over the past two years has been disappointing -- dropping by 13 per cent in 1991 and recovering only slightly in 1992. Last year also marked the ninth consecutive year in which our imports from Japan topped our exports to Japan.

That's particularly distressing for Canadians at a time when the Japanese import market has shown record-breaking growth. It represents lost opportunities for our Japanese partners as well.

Clearly, we have our work cut out for us in recovering and expanding our market share in Japan. That's one key reason for issuing that challenge to Canadian companies.

Canadian industry must adapt to Japan's changing import needs to participate more fully in growth segments of Japan's economy, however. That means understanding market changes and opportunities in Japan -- changes that reflect a flat though stable demand for raw materials and a rapidly growing demand for more fully processed goods.

Indeed, many of you have already accepted the challenge to do just that. There are many real success stories. Maple Leaf Foods has developed seaweed flavoured French fries for the Japanese market. Champion Road Graders has adapted their cab to accommodate the two operators required for snowplowing in Japan.

We need more companies, with appropriate Japanese partners, learning from these and other success stories. Our objective as leaders in government and the private sector must be to alert companies in Canada more generally to market opportunities, to encourage the adaptation of products for the Japanese market, to

establish a strong presence in Japan, and to develop relationships and linkages with Japanese partners in Japan, in Canada and in third markets.

Many representatives of Canada's business establishment -- including some here today -- have recognized this imperative. They have been working with the federal and provincial governments to develop "Action Plans" in seven priority sectors: processed foods, fisheries products, building products, information technologies, auto parts, tourism and aerospace.

These plans together constitute a new Canadian Action Plan for Japan: an integrated effort on the part of all federal and provincial governments in support of clearly articulated private-sector strategies for realizing our potential in these high priority growth sectors.

Preliminary outlines of the Action Plans in each of these sectors -- some more complete than others -- are included in the background information kit available with the copies of my remarks today.

You will see that these plans are all different, depending on the requirements of each sector. There is, however, a common theme. Each plan calls for increased awareness and knowledge of the Japanese market, product adaptation and design to meet Japanese needs, and both collective and individual efforts to promote these value-added products in Japan. These are the well-tested elements of success.

I will cite just one example to illustrate the huge export potential in the sectors addressed by these plans.

Some 40 buyers representing 23 builders in Japan participated recently in a nine-day mission to Toronto, Calgary and Vancouver. They placed immediate orders with 14 of 17 firms visited for manufactured building products worth more than \$7 million.

Products of interest to this group included softwood plywood and aluminum concrete forms, kitchen and bathroom cabinets, prefabricated wall panels and house packages, aluminum railing, exterior brick panels, bathroom fixtures and wood doors.

Few of these buyers had any previous exposure to Canadian building products. The group realized purchasing high quality products abroad could cut distribution and input costs. The mission is expected to lead to still greater volumes of ongoing sales. It is a major success story illustrating both the huge export potential of this market and the trends we have identified in our Action Plans.

Canadians didn't discover Japan only yesterday.

We must not overlook significant past and current efforts by the public and private sectors to improve Canada's business performance in Japan. But these new Action Plans seek to integrate efforts better -- to avoid duplication. They have been developed in close co-operation with the private sector.

Above all, these Action Plans add a new dimension, however, by:

- placing more emphasis on building awareness of business opportunities in Japan;
- bringing more participants into the market and encouraging them to develop a strategy that will serve them some 5 or 10 years down the road;
- establishing sectoral and regional mutual-support networks;
- engaging industry leadership in partnership with governments; and,
- most importantly, appealing directly to the Japanese customer by designing and adapting our products to meet their needs.

Much of this work needs to be done right here in Canada. And groups such as your own can provide the leadership needed.

Preliminary development of these sectoral Action Plans is already under way.

In February, some 200 Canadian firms participated in workshops across the country to learn about the Japanese market for value-added building products. These and other companies can also look forward to a detailed study of the market to be released by our Tokyo trade office in June -- the culmination of a year's work by government and private-sector experts.

Next week, the first of what we hope will be a cross-country series of workshops on the market for processed foods will take place in Vancouver.

We have agreed with the Automotive Parts Manufacturers' Association (APMA) to cost share an expert to work in their offices to help implement a more active strategy for Japan. The APMA has set up a special Japan Committee to guide this process.

Tourism Canada's Asia-Pacific Partnership Committee cost shares generic "travel to Canada" advertising in Japan, and Tourism Canada has just run a series of seminars across Canada informing operators of tourism facilities about the needs and expectations of Japanese travellers.

The key is industry leadership. Already, a number of groups have come forward:

- earlier, I mentioned the APMA's Japan Committee and the Asia-Pacific Partnership Committee in Tourism;
- the Agricultural SAGIT or Sectoral Advisory Committee on International Trade includes TOS -- a Trade Opportunities Strategy Sub-Committee. Its members are observers at this conference. They will meet here Tuesday afternoon and Wednesday morning. Those members not currently doing business with Japan have a golden opportunity to witness its great potential;
- an informal group of companies and sector associations has come together in the fisheries sector; and
- the Canadian Telecommunications Advisory Council will play host to representatives from Japan's telecommunications industry for a series of technical seminars next fall in Canada.

Many of these groups already include participation by CJBC members. We value this participation and seek your assistance in publicizing these efforts within your own industries.

Note that this is not a "government" Action Plan for Japan.

Our success depends on developing and implementing a Canadian Action Plan in which all the players pull together, reinforcing one another's efforts.

The Canadian delegates to this Conference will need to play leading roles. We are well on our way. But we still have much to accomplish. We look to our Japanese partners to help us supply you with what you want.

Beyond any doubt, this Action Plan is needed. The market demands it. We must position ourselves in the growth sectors of Japan's imports. The urgency of doing so was captured for us in the Canada-Japan Forum 2000 report.

The Government's Prosperity Initiative this past year stimulated country-wide debate on how to manage global change and use external challenges and opportunities to advantage. During nationwide consultations in more than 80 communities, Canadians told us repeatedly that we must look outwards to world markets.

The Private-Sector Steering Group's first report called on us to develop a collaborative international strategy and to consolidate federal-provincial trade development activities. The Action Plan does this. It seeks leadership from you, the private sector. It offers support from both federal and provincial governments.

Of course the Action Plan will be all for nought if we fail at the same time to maintain our current markets for raw materials, which remain an essential nucleus of our exports to Japan.

Some of these markets are particularly vulnerable. Lower prices have led to declining profits in Canada's coal industry, for example, a situation that can only lead to low levels of investment and future supply difficulties. This is a dangerous mix, particularly when combined with continuing pressures to buy more coal in the United States.

We must achieve a dual focus: maintaining our current resource business, but building for the future by putting emphasis on the value-added product that Canada can and will supply to Japan.

Let me now turn back to the first of the two recommendations of Forum 2000 of particular interest to you, the one advising governments to remove impediments to bilateral corporate investment, strategic alliances and technological exchanges.

We have heard what the Forum was told concerning several issues, including the confusion around competing jurisdictions and rapidly evolving policy, particularly in the environmental area. We are working to address these concerns.

Back in 1984, we introduced an Agenda for Economic Renewal that recognized macro-economic performance is critical to a positive investment environment in Canada. Through policies like expenditure control, deficit reduction, tax reform, deregulation, privatization and trade liberalization, the Agenda for Economic Renewal has served as the bedrock on which to build a progressive, forward-looking economy. In 1984, of course, this all constituted a significant change of direction. But it will not be lightly or soon abandoned.

We have had to make some tough -- at times unpopular -- decisions. But they are paying off.

We are out of the recession. We have had a positive growth trend since the second quarter of 1991. There are strong indications that the Organization for Economic Co-operation Development (OECD) will prove correct in its forecast that our gross domestic product (GDP) growth will lead the Group of Seven leading industrialized nations (G-7) in 1993. Canada's prime rate is at its lowest in 21 years. Mortgage rates are down.

Canada's 12-month Consumer Price Index measuring inflation was 1.9 per cent in March, and the year to year inflation rate for the first quarter of 1993 averaged 2.1 per cent. That's very good by historic as well as G-7 benchmarks.

Unemployment is still too high at 11.4 per cent in April. But we have created 151,000 full-time jobs since August and employment has increased in 10 of the past 12 months.

Canada has a number of notable strengths that contribute greatly to our international competitiveness: a strong industrial base, a vibrant university sector, a skilled workforce, and a healthy infrastructure. These strengths should not be underestimated or taken for granted. Continuing high investment has brought a strong increase in productivity during the past several quarters.

Our strengths have not gone unnoticed. For example, only last week a Sake (Saki) barrel was opened to inaugurate the new DNN Galvanizing Line in Windsor, Ontario, a major joint venture investment by Dofasco of Canada, NKK of Japan, and National Steel of the United States.

After almost four years in operation, the Canada-U.S. Free Trade Agreement (FTA) has more than proved its worth. In just the past year, we've seen an export-led recovery in which Canadian exports to the United States increased by over 13 per cent, resulting in a \$17.7-billion trade surplus for Canada.

The FTA has increased Canada's trade potential, created a positive climate for the Canadian-based export industry and established opportunities for foreign investors in Canada to better serve not only Canadian needs but, from a Canadian base, those of the world's largest market in the United States.

The NAFTA now gives us an opportunity to protect and improve the liberalization gains of the FTA. Let's recall some of the ways the NAFTA will be good for both Japan and Canada.

- After more than four years of enjoying the benefits of the Canada-U.S. FTA, we know that it has facilitated expanded trade. It's a win-win affair for both parties. And this in spite of the recent recession. The NAFTA builds on the FTA. NAFTA-led growth and prosperity will lead to greater demand, and increased demand will lead to new opportunities for Canadian and Japanese business.
- From Canada, the NAFTA will provide access to a North American market of 360 million people -- access that will benefit from all the negotiated rules of fair play built into the Agreement.
- And to mention an improvement over the FTA of particular value to potential Japanese investors, Japanese firms that expand into the United States or Mexico from their Canadian base will receive all the protection in these countries of the NAFTA's national treatment provisions received by Canadian-owned firms. We want Japanese investors to choose

Canada. And we will work hard on their behalf as we did in resolving the Honda trade dispute with the United States, to the great satisfaction of Honda.

- The NAFTA meets the test of our joint benefit in many ways. For example: the elimination of most tariff and non-tariff barriers within 10 years; a set of clearer and more predictable rules of origin; comprehensive coverage of intellectual property; major improvements in access to government procurement; and, a strong, predictable dispute settlement system.
- The NAFTA complements the Uruguay Round of the Multilateral Trade Negotiations (MTN): for example, the chapters on trade in services and intellectual property rights build on provisions in these areas now expected to emerge from the Uruguay Round.
- And let me say here what we tell all our trading partners: the more ambitious and successful we are in eliminating barriers to trade and investment in the multilateral context, the less will be the relative advantage of operating through regional agreements.
- The NAFTA introduces no new barriers to trade or investment. In no way is this agreement intended to create a Fortress North America.
- The fact that the Agreement is "outward looking" -- containing an accession clause for other countries wishing to join -- shows the NAFTA is a progressive economic initiative.

Canada has maintained close contact with Japan throughout the negotiations and immediately thereafter. We were the first of the NAFTA countries to debrief our Japanese counterparts and Japanese companies. We will continue our efforts in the weeks and months ahead to provide -- to all interested parties -- information on the Agreement and on NAFTA provisions of specific interest to our Japanese partners.

All three parties are working toward implementing the NAFTA on January 1, 1994. This is well under way in both Canada and Mexico. In the United States, President Clinton has already begun to consult Congress as the Administration moves forward with us on negotiating side agreements on the environment and labour standards. The U.S. Administration has reconfirmed its intention to introduce NAFTA implementing legislation well in time for the Agreement to enter into force on schedule. We have every reason to be confident of a successful implementation in all three countries, and on schedule.

The NAFTA, like the Canada-U.S. Free Trade Agreement on which it is built, will be consistent with the General Agreement on Tariffs and Trade (GATT) in both policy and law. The underlying principle of both our regional and our global approach to trade is that of liberalization.

In this connection, Arthur Dunkel, Director-General of the GATT, commented some time ago that regional and global approaches to trade were "two sides of the same coin." He said: "Multi-lateralism and regionalism can coexist: better, they can actually reinforce one another."

Those of us who do business across the Pacific can be pleased with the important contribution of APEC, the Asia-Pacific Economic Co-operation Forum. It has furthered the MTN process and given strong support to trade liberalization at all levels within our region.

The dark cloud on the horizon is the tendency toward managed trade between Japan and the United States.

I spoke with Prime Minister Kiichi Miyazawa and other members of the Japanese cabinet last April concerning the dangers of managed trade possibly undermining our multilateral efforts and about the real damage it could do to Japan's other suppliers. At the time, Canadian auto parts suppliers were running into "buy USA" discrimination in their dealings with Japanese companies.

We have continued to remind both Japan and the United States of our concerns. We have been assured that increased market access will be on a Most Favoured Nation (MFN) basis. But you can appreciate our doubts given political pressure to reduce the trade deficit in the United States.

I want to emphasize that our participation in the NAFTA in no way detracts from our commitment to trade liberalization through the Uruguay Round. Our top trade priority continues to be the successful conclusion of the Round.

Involving six long years of negotiation, this is undoubtedly the most ambitious Round ever attempted in GATT history. Leaders in government and business around the world generally agree that a successful conclusion to the Round will inject much needed stimulus to the world economy. I share that assessment.

Last week, I hosted a one-day working session with my colleagues from the United States, Japan and the European Community to look at ways we can move the talks forward on the issue of market access. I am pleased to report that good progress was made and that momentum is building for substantive discussions at the

G-7 Summit in Tokyo this July. There is a strong commitment by all our trading partners to complete the Uruguay Round negotiations by the end of the year.

Thank you again for giving me this opportunity to discuss a range of issues, including Canada's Action Plan for Japan and the NAFTA.

Canada and Japan enjoy an excellent bilateral relationship with potential for further economic trade activity. The Action Plan I have announced today will ensure that Canadians seize the opportunities ahead and establish many more successful business arrangements.

On these and other issues, we appreciate the leadership the CJBC has always shown in the management of our excellent bilateral relations with Japan. We welcome your suggestions on how government can help create and maintain an environment conducive to trade, investment and prosperity in the years ahead. And we encourage your active involvement in helping to fulfil these plans.

You have a stimulating agenda ahead of you at this conference. It is an important agenda because it bears so directly on the future success of our relations in trade and other areas. And so, I wish you every success now, and in the years to come.

Thank you.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

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AS DELIVERED



AN ADDRESS BY

THE HONOURABLE MICHAEL WILSON,

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND

MINISTER FOR INTERNATIONAL TRADE,

AT THE GOODMAN FORUM

"THE NEW CHINA: CANADA'S OPPORTUNITY

IN THE PACIFIC CENTURY"

TORONTO, Ontario
May 19, 1993

Honoured guests from China, the Honourable Edwin Goodman, ladies and gentlemen. I am very pleased to be with you today to take part in this timely forum, which focuses on Canada's relations with China now and in the years to come.

It was just over one year ago that I led a Canadian business delegation to China, to offer support to the already burgeoning Canadian interest in the China market. The breadth of Canadian expertise represented in the delegation was impressive: agriculture, telecommunications, energy, construction, engineering and architectural services.

It spoke a lot for the wide range of sectors where Canada's experience matches so well with China's current development priorities. I was impressed, as were all the Canadians in our delegation, with the business opportunities that presented themselves -- the result of rapid economic growth and China's new market orientation. We were also impressed with the vitality and openness demonstrated by the people we met. These changes have come about largely as a result of the "open door" policies championed by Deng Xiaoping and by the far-sighted policies being implemented by Vice-Premier Zhu Rongji, who spoke to you this morning.

The rapid pace of change in China means that even the most seasoned China hand who has not visited the country for six months is quite out of date.

The ancient Chinese had a saying: *zo ma gwan hwa*. For those of you who cannot understand my Toronto accent, that means "riding on a horse looking at the flowers." The inference is that you can get a beautiful view from a moving horse, but you are never going to get at those flowers and really enjoy them unless you get off the horse, slow down, and take the time to appreciate the garden.

Many in the audience today are already old China hands. However, for the relative newcomers who have expressed an interest in China by being here today, I hope you will take the time and considerable effort required to get off your horses, develop an even better understanding of China, and pick some of the excellent business opportunities that exist there.

This reminds me of an ancient Canadian saying -- ancient by Canadian standards, that is -- as it was coined by one of my more famous predecessors, George Hees. As Minister for Trade and Commerce, Mr. Hees' formula for export success was simple:

Y-C-D-B-S-O-Y-A

Canadians are far less subtle than the Chinese, and there is no hidden inference here whatsoever. Pure and simple, the formula means "you can't do business sitting on your ass." One can assume that Mr. Hees, like the ancient Chinese, was referring to

a four-legged animal, and his philosophy captures the same advice given by the ancient Chinese. Wise words in the highly competitive environment that each one of you will face in the China of 1993 and beyond.

The theme of today's forum is "The new China: Canada's opportunity in the Pacific Century." Canadians have been active in the China market for many decades now. As a traditional market for Canadian commodities such as wheat, potash and sulphur, China has been a reliable trading partner since the early sixties. Indeed, China now stands as Canada's largest single market for wheat and our fifth-largest trading partner overall.

Even more encouraging is the fact that our bilateral trade in 1992 exceeded \$4.6 billion -- a record year. Our trade was in a rough balance, with Chinese exports exceeding ours by about \$300 million.

This is an encouraging sign, but the potential is very large for us to build a reasonable and secure market share in China and, more importantly, to make inroads into the higher technology value-added products where Canadian expertise matches so well China's development priorities: in particular, telecommunications, transportation, oil and gas, power generation and transmission, mining and environmental protection.

Canadian companies are also finding China a ready market for engineering and architectural services. Indeed, China's relatively recent recognition of the value of trade in services should translate into major opportunities for Canadian firms in the nineties. We expect services to take up an increasing proportion of our bilateral trade.

A recent study indicates that at the present time there are over 60 million Chinese with per capita incomes of US\$1,000 or more. The \$1,000-level is often considered by economists to be the threshold for the development of a consumer society.

Certainly these 60 million consumers are seen as a rapidly growing segment of a market within a market, one which Canadian companies should take note of and develop in future years. Our estimates are that this consumer market will increase significantly in coming years because of the sustained economic growth that is anticipated by many observers.

Two-way investment is an area that holds tremendous promise for bilateral co-operation and shared prosperity in the coming millennium. Many Canadian export leaders, such as Northern Telecom, Babcock and Wilcox, Harris Farinon and Alcan are already well entrenched in the China market through outward investment in production facilities in China.

Smaller companies have a presence, too. Recently our Consulate General in Shanghai received a list of over 50 Canadian joint ventures in that city. These were mostly small, service-oriented businesses with obvious potential for future growth in China's largest metropolis and industrial centre.

Northern Telecom's joint-venture experience, for one, has been positive enough to lead that company to embark on what will likely develop into their largest manufacturing base outside of North America. Such initiatives do not export jobs but rather allow Canadians to enjoy a piece of an expanding pie.

For example, I have heard from visitors to the Northern Telecom plant in Shekou that the place is full of crates marked Bramalea, Ontario. Through investing in the burgeoning Guangdong economy, Northern Telecom and several other Canadian companies have seen results in sales not only for their Chinese plants but for their Canadian ones as well.

I mention Guangdong in particular because the growth rate there exceeded 20 per cent last year. The Chinese are worried about the economy there overheating, so I am sure we in Canada would be happy to take a few percentage points off their hands.

Outward investment to China may allow Canadian firms to establish a local presence and develop the relationships and local distribution channels required to successfully position a long-term strategy in China. Many companies can reduce the foreign exchange requirement for their products by assembling in China, thus making our exports more competitive in China and in the Pacific region as a whole.

I am very pleased to note that China's new global perspective now includes the realization of the fact that Canada also is an ideal place in which to invest. There are now many substantial investments by Chinese firms in Canada, to take advantage of our reliable resources and advanced technology. Dr. Ding of CITIC no doubt told you earlier today that his company's largest investment outside of China and Hong Kong is in British Columbia.

China National Petroleum Corporation has recently established offices in Alberta to look at taking equity in the Canadian energy sector. Canada welcomes these developments, and my government and those of my provincial colleagues are working in support of this trend.

During my visit to China last year I became convinced that Canada has a very special place in the hearts of the Chinese people. We would be deluding ourselves, however, to believe that warm feelings toward Canadians are sufficient to secure business opportunities in China.

The competitive environment in China is fierce, and my government has undertaken a number of initiatives to ensure a continuing and expanded role for Canadians there. Canadian business is ably represented by trade commissioners at our posts in Beijing, Shanghai and Hong Kong, a resource with which I am sure many of you are familiar. We are also seeking to raise the competence of Canadian business in Asia through such programs as Pacific 2000, which funds Asian business programs, language training and key sectoral strategies in partnership with industry associations.

Both the Canadian International Development Agency (CIDA) and the Export Development Corporation (EDC) will continue to work closely with our private sector to enhance their export initiatives in China.

Through our government's material support for important China-focused organizations such as the Canada-China Trade Council and the Asia Pacific Foundation, we are trying to foster a "team Canada" approach that combines a deeper understanding of the region with strengthened long-term relationships with key Chinese decision-makers.

Canada attaches a great deal of importance to our relationship with China and I am delighted I was able to invite Vice-Premier Zhu to Canada.

As an able political leader, he can freely discuss matters with me where we do not see eye to eye, while at the same time pursue a forward-looking agenda, whereby we can work more closely together to build a prosperous future.

Earlier today I discussed with Vice-Premier Zhu Canada's concerns about access for Canadian firms in the China market.

As in the past, Canada will continue to expand our trade and economic relations with China, in spite of other differences that may exist between us. China has been one of our most favored trading partners for years, and we do not see its most-favoured-nation status as something that should be manipulated to lever other objectives.

This would be contrary not only to Canada's interests but also contrary to the interests of the Chinese people, whose growing economy will, in my view, create fertile ground for increased pluralism and well being.

Most-favoured-nation status is a two-way street, and we expect from China that it will afford Canadian exporters and investors the very best treatment afforded to its other major trading partners.

We are encouraged by and have stated our support for China's entry into the General Agreement on Tariffs and Trade (GATT). More transparency in China's trade regime and more open access to opportunities for Canadian firms that are willing to compete will move China toward a more market-oriented economy and an early entry into this important multilateral body.

Our common future relies on positive and tangible co-operation, which draws China more closely into the international trading system and provides China with the prosperity and stability its industrious people deserve.

Canadians must not seek to isolate China from the world community, but rather engage China in frank discussions and productively co-operate with China to encourage the creative economic policies with which Vice-Premier Zhu is inextricably linked. Canada and China's long-standing friendship means that we need not be reticent with friends nor be reluctant to share our views frankly.

The "Pacific Century" is one in which both Canada and China will be key players. As a Pacific nation, Canada is becoming more integrated into the region, both through our trading patterns, as well as through active participation in regional multilateral fora such as Asia-Pacific Economic Co-operation. This trend will continue, since transPacific trade is 30 per cent greater than transAtlantic trade and growing twice as fast.

Canada has a special relationship with Hong Kong, which is a major source of immigration, investment and entrepreneurial talent. Our commercial links with Taiwan have increased dramatically since the Canadian Chamber of Commerce opened an office in Taipei in 1986.

I mention these points in the context of the "greater China," which productively incorporates the dynamism of Chinese people throughout the region. This trend is currently under rapid development and, in my view, will create the basis for an even stronger Chinese economy beyond 1997 and well into the Pacific Century, when China is expected to surpass the U.S. with the world's highest gross national product.

Canada must look to the future, to position ourselves to respond to the challenges these developments will present over the coming years. What are the portents for Canada on the trade front? Based on current trends, we foresee capital goods exports to mainland China alone rising to at least one third of all our exports by 1997.

This represents capital goods exports from Canada to China exceeding \$1 billion per annum in only four years' time, tripling today's figure of just over \$300 million. With the current trend

of peaceful integration of the economies of Hong Kong, Taiwan and mainland China, the quantitative implications for our involvement in the greater China region represent the most important trade opportunity for Canada in the coming decade.

In conclusion, I would like to remind you that my department, External Affairs and International Trade Canada, has developed the infrastructure, through the trade commissioner service in China, to guide Canadian companies large and small on a path to success in the China market. I encourage you to take advantage of this knowledge and expertise.

Many Canadian companies that have been successful in China often refer to the need for *Gwanshee*. This means establishing a credible presence in China, sustaining contact with your customers, fostering long-term relationships and getting to know people.

This may appear self-evident, but China presents a challenge even to the most seasoned exporter. Develop a strategy for China, stick to it, and do not hesitate to get our trade commissioners in the field involved in all aspects of your initiative. They know where the flowers are and can give you a hand off your horse to give you a better understanding of the market.

The emphasis that today's forum places on the development of our relations with China is a positive and forward-looking one. Our policy is also one which is forward-looking, seeking to harmonize Canadian and Chinese interests well into the next century. The cornerstone of this policy is one in which China and Canada, both Pacific nations with much in common, work together to ensure mutual benefit and joint prosperity.

The Canadian business community, as represented here today, is the key player to ensure that this policy is translated into tangible results. That is the challenge this forum has set before you today.

I would like to commend Eddie Goodman for his foresight in establishing Canada's opportunity in China as his forum's theme this year. It is now for us, both in the public and private sectors, to work together in a strategic way to implement the insight and advice received here today, and guarantee Canada a place in the China market throughout the Pacific Century.

Thank you.

Statement

Minister for
External Relations
and International
Development

Déclaration

Ministre des
Relations extérieures
et du développement
international

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CHECK AGAINST DELIVERY



**NOTES FOR AN ADDRESS BY
THE HONOURABLE MONIQUE VÉZINA,
MINISTER FOR
EXTERNAL RELATIONS AND INTERNATIONAL DEVELOPMENT,
AT THE LAUNCH OF THE PREPARATIONS FOR
THE 50TH ANNIVERSARY OF THE UNITED NATIONS
HOSTED BY THE UNITED NATIONS ASSOCIATION IN CANADA
IN CO-OPERATION WITH
EXTERNAL AFFAIRS AND INTERNATIONAL TRADE CANADA**

OTTAWA, Ontario
May 25, 1993

It is a great honour for me to welcome you to the launch of the Canadian initiative to mark the 50th anniversary of the United Nations. This anniversary should be the occasion for the world community to embark upon a worldwide dialogue on how the UN can fulfil the promises of the Charter in the 21st Century.

We welcome today Ambassador Richard Butler, Australia's Permanent Representative to the United Nations and Chairman of the UN Preparatory Committee for the 50th anniversary. Ambassador Butler's knowledge of, and commitment to, the UN made him an obvious choice for the task.

I would also like to welcome the members of the Canadian National Committee for the UN's 50th anniversary. It's a true measure of the importance that we in Canada attach to this organization that such a distinguished group of Canadians, chaired by Douglas Roche, has agreed to serve on the Committee.

This Committee has been created in response to a call from United Nations Secretary-General Boutros Boutros-Ghali. In launching the committee today, we are setting in motion the process leading to October 24, 1995 -- the anniversary of the day the Charter was ratified 50 years before.

As Prime Minister Mulroney has noted, Canada's commitment to the principles of the Charter and to international co-operation is no fashionable pose. Since 1945, it has been a motivating force of our foreign policy. It is thus with great enthusiasm that Canadians look forward to this anniversary.

Among the celebrations that are envisaged is an international symposium, which will be held in Quebec City in October 1995, to commemorate the 50th anniversary of the United Nations Food and Agriculture Organization (FAO).

In Montreal, a special committee has been established to celebrate the 50th anniversary of the International Civil Aviation Authority (ICAO). December 7, 1994 has been designated International Civil Aviation Day, and Canada Post will create a special stamp for the occasion.

These are only a beginning, and we expect that Canadians will be celebrating the 1995 anniversary in many different ways. Canada has much to celebrate as a member of the United Nations. Since 1945, we have woven many threads into the UN tapestry. Canada was instrumental in the drafting of both the UN Charter and the Universal Declaration of Human Rights. We have served many very productive terms on the Security Council, and many thousands of Canadians have been or are employed in the UN and its specialized agencies.

One of Canada's most challenging and visible UN roles is that of international peacekeeper. We have been actively involved in almost every peacekeeping operation since Canadian Nobel Laureate

and former Prime Minister Lester B. Pearson did so much to develop the concept.

Canada is currently participating actively in the UN-supervised elections in Cambodia, and our thoughts go out today to the many Canadians and others who are working to bring peace and democracy to Cambodia.

We remain a major contributor to UN peacekeeping operations -- both through troops and civilians that we deploy and through our share of peacekeeping costs. It is a moral and financial obligation that Canada takes very seriously. This is why Canada always ensures that its regular UN budget assessments are paid in full and on time.

The international community has changed significantly in the past 50 years and the UN has evolved with it. While it is important to reflect on these changes, it is even more essential for us to look ahead to the 21st Century. We must examine what needs to be done to ensure that the UN remains a powerful and effective organization capable of carrying out the purposes and principles of its Charter.

This is not just a task for government. There is also a very important role for non-governmental organizations. In this regard, I would like to commend our host, the United Nations Association in Canada [UNA/C], for the invaluable work it does to educate Canadians about the UN and for playing such a major role in the creation of this national anniversary committee. UNA/C's dedication to the cause of the UN is well known.

The Charter speaks of "we the peoples of the United Nations," and the UN has recommended this theme for the year 1995. It is, therefore, "we the people of Canada" who must ensure that the 50th anniversary of the UN is a truly popular and democratic affair, which is marked not just in ceremony, but by actively reaffirming Canada's commitment to the principles of the UN Charter.

Thank you.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

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AS DELIVERED

AN ADDRESS BY

THE HONOURABLE MICHAEL WILSON,

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND

MINISTER FOR INTERNATIONAL TRADE,

TO

THE SOCIETY OF INTERNATIONAL BUSINESS FELLOWS AND

THE CANADIAN AMERICAN SOCIETY

OF THE SOUTHEAST UNITED STATES

ATLANTA, Georgia
May 24, 1993



Good afternoon. Thank you for that kind introduction.

The Canadian American Society of the Southeastern United States has been working to enhance trade relations between Canada and the United States for more than a decade now. The Society of International Business Fellows -- the leading international business organization in the southeastern United States -- is to be congratulated for its efforts to promote international curricula at your colleges and universities, and broadening understanding of international business and the international environment.

Let me begin by saying a few words about two major milestones in Canada's national life. Three weeks from now my party -- the governing Progressive Conservative Party -- will choose a new leader and therefore a new Prime Minister of Canada. Before the year is out, that new Prime Minister will have to call a general election.

As we approach these milestones, let me first try to give you some sense of what Canada has accomplished in the past few years, and where we are going, so that you -- our allies, our investment and trading partners and our friends -- will know what you can expect.

When Prime Minister Mulroney steps down in June, he will bring to an end a remarkable tenure. I think the *Washington Post* summed it up well in an editorial back in February. It said:

With notable courage, Brian Mulroney did most of the things that a Prime Minister of Canada ought to do. He raised taxes to reduce a menacingly large budget deficit. He struggled to resolve Quebec's long quarrel with the rest of the country. He negotiated a sweeping trade agreement with the United States, resulting in a rapid rise of trade across the border.

Through policies such as expenditure control, deficit reduction, tax reform, deregulation, privatization and trade liberalization, the Agenda for Economic Renewal that our government introduced in 1984 has served as the bedrock on which to build a progressive, forward-looking economy. In 1984, of course, this all constituted a significant change of direction. And whoever wins my party's leadership on June 13, it will not be lightly or soon abandoned.

When we came to office in 1984, Canada's debt was hardly seen as a consideration in public policy debate. One result of the Mulroney government's continuing effort to control spending is that today the debt and deficit are constant considerations in any such debate at all levels of government.

Indeed, federal government operating costs, after inflation, are today more than 20 per cent lower than when the Mulroney government came to office. In fact, the federal government is actually running a surplus on its operations, net of debt servicing costs.

And by law, every penny of our Goods and Services Tax -- our equivalent of the European value added tax -- is used only to pay interest on the debt and, ultimately, reduce the debt.

When I left the Finance portfolio just two years ago, provincial governments showed no inclination to work toward a co-ordinated national solution of this problem. Today, Canadians are challenging each level of government to live within its means. And there are clear indications that, no matter what their political persuasion, all governments in Canada are listening to Canadians in this regard. This will not change.

All political parties, all Progressive Conservative leadership contenders and all provinces are showing strong commitment to dealing with this matter.

We have put the recession behind us. We have had a positive growth trend since the second quarter of 1991. There are strong indications that the Organization for Economic Co-operation and Development (OECD) will prove correct in predicting that our growth in gross domestic product (GDP) will lead the Group of Seven (G-7) leading industrial countries in 1993. Canada's prime rate is at its lowest in 21 years, mortgage rates are down, Canada's inflation rate now compares favourably with historic standards as well as the G-7.

Few countries in the world are as dependent on trade as Canada. Nearly 30 per cent of our GDP stems from international trade, double or more the comparable figures for Japan and the United States. Without trade, Canadians could never have built the world's eighth largest economy with just the 31st largest population. But that is what we have done.

As a founding member of the General Agreement on Tariffs and Trade (GATT), we have, since Punta del Este, made a successful conclusion to the Uruguay Round our number one trade policy priority. And there is widespread national consensus on that issue, which unites all regions of the country, cuts across party lines and will survive both leadership changes and general elections.

You, here in this room, understand what is at stake in the Uruguay Round. You know that the global economy is still recovering from a significant downturn, which still affects many countries. And you know that the economy needs a boost -- a new direction -- which will lift it out of its current doldrums.

According to the OECD, implementation of Director General Arthur Dunkel's proposals would add \$200 billion to \$300 billion to the world's economy by the end of this decade. A successful conclusion to the GATT Round would send a message of confidence, communicating our strength of purpose to bring the benefits of freer trade to all the world's peoples.

Ten days ago, in Toronto, I hosted an informal meeting of my colleagues -- Michael Kantor from the United States, Sir Leon Brittan from the European Community and Yoshiro Mori from Japan. We had a very positive day of discussions on market access negotiations in the Uruguay Round -- covering trade in both goods and services. The purpose of our meeting was to seek to lay the basis for reengaging the multilateral negotiations at Geneva as soon as possible.

We expect to meet again on at least two occasions leading up to the G-7 Summit in Tokyo. The first of these meetings will occur in Paris on June 2 during the annual Ministers' meeting of the OECD. It is anticipated the second meeting will take place on or about June 24 in Japan.

We hope this process leads to a significant breakthrough among ourselves on market access in time for the Summit -- enabling all other trading partners to reengage fully in negotiations at Geneva covering all outstanding issues.

We are agreed that we want to achieve a positive outcome to the Round this year.

Let me say a few words here about trade and investment between Canada and the southeast states as well as the United States in general.

Two-way trade between Canada and the seven southeast states neared \$20 billion last year. Your sales to us totalled some \$11 billion. Ours to you were about \$8 billion. Last year, five million Canadian visitors spent about \$2.3 billion in the region.

Sales from the Ford plant here in Atlanta are just one example of the continuing benefits our two countries derive from this trading relationship. Automotive-related sales from Georgia to Canada were worth more than \$150 million last year.

Lockheed's operations in Atlanta have made hundreds of millions of dollars in sales to Canada. At the same time, through offset arrangements, Canadian firms have benefited from high technology sales to Lockheed which, again, are in the hundreds of millions.

Some 139 Canadian-owned companies of all kinds now have operations in Georgia. About 30 U.S. companies in Georgia have

investments in Canada -- ranging from heavy industry to consumer retailing.

I was interested to learn recently that National Vision Associates Ltd. of Atlanta will open 160 vision centres at Zellers stores, one of Canada's largest retail companies.

Investing in Canada makes good business sense.

We offer investors:

- centres of excellence;
- a supply of highly qualified personnel;
- an emerging technology base;
- research and development tax credits;
- transportation and telecommunications infrastructure;
- proximity to U.S. markets;
- a strong export orientation; and
- a world-class university system.

Foreign investors now see Canada as an attractive base for their North American operations, thanks to our highly educated work force, sophisticated infrastructure and abundant resources. Over the past four years, our net foreign investment inflow was up nearly fivefold to \$19.8 billion. With the North American Free Trade Agreement (NAFTA), these companies will secure access to Mexico along with even better economies of scale in serving a combined market of 360 million.

A recent study by the Government of Canada on trade patterns in the past 30 years shows merchandise trade between the United States and Canada has grown faster than either country's gross domestic product.

Significantly, over the past 10 years, both countries have increased their share in each other's markets. Despite a decline between 1985 and 1988, U.S. manufacturers have staged a comeback in the Canadian market. Non-transportation manufacturers saw their share of the Canadian market grow from 18 per cent in 1986 to a record 21 per cent in 1991. Canadian manufacturers, too, have reached an all-time record share in your markets. It is worth pointing out that these records have been reached since the Canada-U.S. Free Trade Agreement (FTA) has been in effect. Simply put, free trade expands trade.

Clearly, the FTA has been a win-win situation for both countries.

During a difficult economic period, total two-way trade in goods and services between our two countries increased by 16 per cent under the FTA. Trade between Canada and the United States reached \$227 billion in 1992 -- the largest two-way trading

relationship in the world. Many Americans -- and Canadians alike -- are still surprised by the magnitude of this relationship.

Moreover, it is a relationship that is balanced. Canada enjoys a merchandise trade surplus with the United States while the United States has a positive current account balance with Canada, thanks largely to Canada's trade deficits in tourism and business services.

The Free Trade Agreement has not made the Canada-U.S. trade story an entirely harmonious one. There continue to be frictions, as you might expect in the world's largest trade relationship. We have serious problems now in steel, beer and softwood lumber.

But thanks to the FTA, we are in the enviable position of being able to address our differences through what has proven to be a transparent, fair and equitable dispute settlement mechanism. And this mechanism has been strengthened in the NAFTA.

During the months of negotiating the NAFTA, we learned a lot about free trade and fair trade. Too often, what constitutes fair trade remains in the eye of the beholder. Restrictive trade barriers exist in both our countries. We need to reduce and eliminate those barriers. You have the Buy America Act and the Small Business Set Aside. We have interprovincial trade barriers. But I am happy to report that the Government of Canada is taking part in comprehensive discussions with the provinces to eliminate those barriers and allow greater competition, through a sort of internal NAFTA, if you will.

Canada is committed to the NAFTA. Our Parliament is well advanced in its consideration of legislation to implement the agreement, and it is our government's intention to have the required legislation in place before summer.

We have before us the prospect of concluding side agreements, which would result in unprecedented co-operation in the fields of labour and environment. These agreements would be beneficial for each country and would be good for North America generally. We do not want to lose this opportunity.

The negotiations on side agreements are a chance to make real gains for the environment and for our workers. But the agreements have to work. We have to get them right.

That is why Canada firmly believes that these negotiations ought not to jeopardize, in any way, the benefits to be gained from creating an integrated market of 360 million consumers in North America.

The NAFTA brings down trade barriers among our three countries. Now we must be careful not to erect any new barriers to trade in

these side agreements. Otherwise, we will be allowing a pall of protectionism to overshadow the benefits of this accord.

The threat that protectionists in all three countries could hijack the process and harass their competitors with trumped-up charges would inject uncertainty into the NAFTA trade area, eroding the very confidence and predictability that the NAFTA was designed to create.

It is simply not in anyone's best interest to consent to a system where trade sanctions are used to enforce the agreements. We are confident that a more positive and co-operative approach is preferable and will best serve our objective -- to encourage each party to improve and enforce its domestic labour and environment standards.

All three countries agreed that the NAFTA would be implemented on January 1 next year. While there are many areas of agreement among the NAFTA partners, there are also serious differences. We are confident, nonetheless, that outstanding differences respecting these side agreements can be resolved in the coming weeks.

In many respects, you are experiencing for the first time -- with your internal debate over the NAFTA -- the debate that engaged Canadians several years ago when we negotiated the FTA. In Canada, the critics predicted nothing short of economic calamity, replete with downward pressure on Canadian wage and benefits packages, the demise of Canadian culture, the loss of sovereignty over water resources, the unavoidable lowering of our environmental standards, the destruction of our social services, including Canadian medicare, and the elimination of entire sectors of Canadian industry.

Four years later, Canada's merchandise exports to the United States are up 19 per cent, and U.S. merchandise exports to Canada are up 18 per cent. As I said earlier, it's a win-win situation for both countries. Our social services remain intact. Your government is studying our medicare system. Canadian culture is alive and well. Environmental standards have improved. And I have not seen one American claim FTA rights to import a Canadian lake or river.

The lesson is obvious. NAFTA opponents, like the FTA critics before them, argue from a false premise: they think removing walls that protect and segregate markets will force unacceptable harm upon workers, whereas by leaving walls up, harm will be minimized. They are wrong.

The reality is that unavoidable competition is already hard upon us in North America. The NAFTA merely imposes a framework of

fair rules upon competition from which there has been no place to hide for some time.

In other words, the NAFTA promises a more gradual adjustment and greater stability than would otherwise confront employers and workers in the long run.

The real question, then, for all three countries is: Would we be better off without such a mutually agreed rule book for the years ahead? The real answer is that without NAFTA, we will all be worse off.

The Government of Canada is, more than ever, convinced that the decision we made to enter into the FTA in 1989 was the right one. The NAFTA will build on the solid achievements seen by Canadians and Americans alike under the FTA. I urge you to maintain the momentum for free trade and support quick passage of the NAFTA legislation in the U.S. Congress.

But a trade agreement, no matter how good it is, does not guarantee results alone. It creates new opportunities. But we have to act if we are going to capitalize on them.

Let me cite some reasons why U.S. companies throughout the southeast should now be considering technology transfers, licensing arrangements, strategic alliances and joint ventures with Canadian firms.

Canadian companies bring to world markets today advanced technologies in geomatics, defence, electronics, biotechnology, information technology, advanced manufacturing and industrial materials. We produce products ranging from scientific and laboratory equipment to hardware and software applications.

Canadian exporters recognize the need to streamline production and become more competitive in world markets. To an unprecedented extent, they are diversifying, participating in joint ventures, licensing agreements and distribution networks.

Small- and mid-size firms in both countries will be among those to benefit from these arrangements. For example:

- Radian Corporation of North Carolina recently licensed environmental technology to a very small Canadian concern -- MATEK Consultants. After further development of the technology by MATEK, Radian decided to invest in the Canadian operation and Radian Canada was formed in 1992. The company -- specializing in the removal and use of ash residue -- now has 20 employees and generates 15 times the revenue of the original operation;

- Vadeko -- a Canadian robotics firm -- had no exports in 1986 but now has sales of \$45 million in the United States, largely owing to robotics applications developed with Lockheed and others.

Small wonder, then, that our information technologies should be showcased -- and that Canada should be the featured country -- at the COMDEX/Spring '93 show opening here in Atlanta tomorrow. COMDEX is the largest annual trade show in the United States and one of the best-known computer distribution exhibitions and conferences in the world. I hope we will see many of you there.

We can and will build on the successful relationship enjoyed for many years now between Canada and the southeast states. I want to urge you as members of the Society of International Business Fellows and the Canadian American Society of the Southeastern United States to play a growing role in that process.

Thank you.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
THIRD READING DEBATE ON
BILL C-115 (THE NAFTA IMPLEMENTATION ACT)

OTTAWA, Ontario
May 27, 1993

The NAFTA is about the future

Mr. Speaker: the North American Free Trade Agreement (NAFTA) is about Canada's future. The NAFTA is a comprehensive agreement that builds on and improves the benefits of the Canada-United States Free Trade Agreement (FTA). The NAFTA improves our access to the United States and gives us unprecedented access to Mexico's fast-growing market.

This Agreement is about growth and prosperity. Opponents of trade liberalization often suggest that the benefits for one country come at the expense of another. But expanded trade and investment benefits all those who engage in it. By specializing in what we do best, we improve our productivity and increase our wealth. Through trade liberalization, we both preserve and create jobs, and improve the prospects for Canadian companies to compete successfully worldwide. This is the proven strategy for growth and for improvements in Canadians' standard of living.

The figures speak for themselves. Canadian merchandise trade surplus with the U.S. rose 13.6 percent last year over the previous year. Our merchandise trade surplus with the U.S. reached a record \$17.7 billion in 1992. I cannot over-emphasize that exports are the engine of growth driving Canada out of the recession. A C.D. Howe Institute analysis shows that in the first three years of the FTA, Canada's exports to the U.S. were strongest in those sectors that were liberalized by the Agreement, particularly non-resource-based manufacturing.

Canada is a trading nation

Our goal as a government has been to protect today's markets and to open the markets of tomorrow. It is with this aim that we are pushing forward for an ambitious result in the Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT). We achieved this through the negotiation of a Canada-United States Free Trade Agreement. And we consolidated and improved upon this achievement by negotiating the North American Free Trade Agreement. This Agreement:

- improves our access to the U.S. market;
- gives us preferential access to a growing and dynamic Mexican market; and
- ensures that Canada remains a preferred location for both foreign and domestic investors.

Canada's wealth and growth prospects depend on our access to world markets. We are a small nation in terms of population; access to outside markets underpins our economy and standard of living.

That is why we negotiated the FTA, and that is why we negotiated the NAFTA.

NAFTA—the next step in trade liberalization

The Canada-United States Free Trade Agreement laid a foundation for Canadian prosperity. At a time of rising protectionist pressures throughout the world, including the U.S., Canada is in the enviable position of having, through the FTA, preferential access to the U.S. market.

The NAFTA preserves the benefits of the FTA. It ensures Canada remains a prime investment location. It provides continued protection of key domestic areas, including cultural industries, public education, health, and social services including child care.

The NAFTA substantially expands the benefits of the FTA. After four years of experience with the FTA, we had the opportunity to make improvements and broaden the coverage in such areas as intellectual property protection and land transportation. We now have clearer rules for regulating Canada-U.S. trade, and new market access in the U.S. in areas not covered by the Canada-U.S. FTA. These improvements give Canadian businesses new opportunities in the U.S. and Mexico and place Canadian business on an even sounder footing for expanding our exports in important offshore markets.

Let me review some of the major new areas covered by the North American Free Trade Agreement.

Duty drawback, which allows Canadian exporters to be refunded for the tariff paid on inputs into products that are later exported, was to be eliminated for Canada-U.S. trade after January 1, 1994 under the Canada-U.S. FTA. The NAFTA extends this deadline by two years. More importantly, new rules give permanent duty drawback rights for exporters who do not meet the NAFTA rules of origin.

The NAFTA **rules of origin** improve on those of the FTA. They are clearer and more predictable—a real benefit to Canadian exporters and potential investors in Canada:

- for many products, the necessity of calculating content has simply been eliminated and replaced by the more precise tariff-shift rules;
- for most products still subject to a "content requirement," there are two possible calculations from which an exporter can choose, at least one of which is considerably simpler than the one method available under the FTA;
- regulations will be established to ensure that Canadian, U.S. and Mexican customs officials apply the rules uniformly; and

- advance rulings on the origin of goods to be traded within the NAFTA area will further minimize uncertainties for traders and investors.

The NAFTA maintains and improves upon the FTA's **dispute settlement provisions**. The right that Canada achieved in the FTA to take final appeals of countervail and dumping cases to a binational, impartial panel is made clearly permanent in the NAFTA. Business people who have been subjected to the U.S. trade remedies system tell me that this dispute settlement procedure is a key asset of the FTA and one envied by those who don't have it.

The NAFTA gives Canadian **service sector** businesses new access to the North American market. It extends to services the basic obligations of national treatment, which has long been applied to goods through the GATT and other trade agreements. A signatory country cannot require that a service firm from a NAFTA country establish or maintain a local presence as a precondition for access to its market; this means that Canadian firms can provide services to the U.S. and Mexican market from Canada.

Under its **temporary entry provisions**, the NAFTA opens up cross-border entry for over 60 professions. As Mexico continues to develop it will need professional consulting assistance in the areas of telecommunications, utilities, land transportation services and consulting engineering—all areas in which Canadian businesses excel.

Additional benefits are achieved in **financial services**. Under the NAFTA, Mexico's financial markets have been opened up to Canadian banking, insurance and security firms. This will allow Canadian financial institutions to participate in the rapidly expanding Mexican economy—a promising market that was closed to us until the negotiation of the NAFTA. In another improvement on the FTA, the NAFTA financial services obligations are covered by the Agreement's general dispute settlement procedures.

The FTA did not include provisions on **land transportation**. This has been rectified. Under the NAFTA a Canadian trucker can now unload in the U.S., reload there, go to Mexico and haul back cargo to the U.S. and Canada. At the same time we maintained our cabotage rights.

The **investment** provisions of the NAFTA are another example where FTA provisions were expanded, offering to Canadian investors a more secure footing in the North American marketplace and securing for the future their preferential access to Mexico. For additional security, disputes between an investor from a NAFTA country and another NAFTA government may be settled, at the investor's option, by international arbitration. Canada, meanwhile, maintains its right to review foreign takeovers.

Canadian businesses gain new **intellectual property protection** in the NAFTA, consistent with international rules developed in the Uruguay Round of multilateral trade negotiations. As the Canadian economy moves into higher value-added, knowledge-based growth areas, this protection for copyrights, patents, trademarks, and trade secrets will protect our ability to expand into the NAFTA area. This in turn will make us a more competitive and attractive place to do business and create higher paying jobs.

The **government procurement** provisions of the NAFTA significantly expand the coverage contained in the FTA. The NAFTA adds over \$50 billion in covered procurement to what was already open to competitive bidding under the GATT and the FTA. Canadian businesses will have the opportunity to bid on contracts from such major buyers as the U.S. Corps of Engineers and the Mexican PEMEX corporation, which together buy over \$15 billion in goods and services each year.

These NAFTA achievements represent new opportunities opened to Canadians in the United States as well as Mexico. These achievements are improvements on the significant accomplishments of the Canada-United States FTA. These achievements provide an even more solid foundation for our exports to markets beyond—in Europe, and in the Asia-Pacific region.

The new horizon

I have spoken about the improved rules in the NAFTA. We must not lose sight of the importance of the NAFTA for Canadian companies that are looking beyond the United States, toward Mexico and elsewhere. The NAFTA opens up a new and dynamic market. Many Canadian businesses are already gearing up for the new opportunities in Mexico due to the NAFTA. Let me give you some examples.

Telecommunications firms see tremendous opportunities in Mexico. There are only 10 million telephone lines in Mexico for a population of 82 million—and over \$10 billion may be spent on telephone equipment in the next five years alone.

Mexico plans to spend tens of billions of dollars, both through its private and public sectors, on developing its **infrastructure** in the 1990s. With our expertise in infrastructure projects in construction and in engineering, Canada is well-poised to be a key player in this market.

Services are an area of comparative advantage for Canada and one in which Mexican demand will rapidly increase in the coming years. Canadian financial service sector companies are world-class competitors, and see significant opportunities in Mexico. Mexico is strongly committed to improving its environment, and this will create a major market for the Canada's dynamic pollution abatement and environmental technology sector.

Mexico's demand for manufactured goods, including office equipment, housing market goods, and other manufactured areas, will increase as Mexico builds its economy. The automotive market in Mexico is projected to grow much more rapidly than the mature U.S. and Canadian markets, providing new export and investment opportunities for Canadian automotive companies. These opportunities were virtually closed to Canadian automotive producers before Mexico agreed in the NAFTA to eliminate its automotive decree.

This is only a very partial list. Canadians can compete in the world and we can compete in Mexico. The NAFTA gives us an advantage over all non-NAFTA countries in the growing Mexican market. It is an advantage we must seize.

The broader agenda is prosperity

Trade is not an end in itself, but a means to an end. The ultimate end is prosperity—prosperity offered by an efficient economy that generates the wealth necessary for Canadians to pay for the social programs they demand and expect, to spend on public education, to create higher-paying jobs; in other words, to underwrite continued future improvements in our standard of living and quality of life.

We are currently negotiating side deals on the environment and labour. Canada pressed for strong improvements in these areas during the original negotiations, and we are fully committed to working with our NAFTA partners to promote the highest possible level of co-operation in these important areas. We do, however, have to get these agreements right. They have to work, and for that reason the Canadian position will continue to oppose the use of trade sanctions to enforce compliance; we will insist instead on mechanisms that promote co-operation and certainty, not confrontation and uncertainty.

Some honourable members opposite pretend that the government is losing its negotiating leverage by proceeding with Bill C-115 before the side agreements have concluded. The fact is that Bill C-115 is not relevant to the achievement of Canada's objectives in the side agreements. The NAFTA is a good deal for Canada with or without the side agreements. We are working hard for good agreements on environment and labour co-operation, but the value of the NAFTA to Canada is not conditional upon the conclusion of these additional agreements. All that delaying our implementing legislation would accomplish, perversely, would be to deprive Canadian businesses and their workers of the certainty needed to finalize plans for taking advantage of the many opportunities opened by the NAFTA.

Let us focus on the facts, not on fears

We are also not prepared to see Canadians misled by misrepresentations about the NAFTA. We will expose the myths.

- The NAFTA does not give the U.S. or Mexico any right to exploit our **water**. Claims to the contrary are absurd puffery. Canada's 1987 federal water policy act explicitly prohibits large-scale exports of water by interbasin transfer or diversion, and nothing in the NAFTA or any other trade agreement forces Canada to exploit our water resources or to export our water. Until water enters commerce as a good, it is not covered by the NAFTA or any other trade agreement. The bottom line is that Canadian governments, both now and under the NAFTA, have the freedom of action to regulate the exploitation of our water resources. Period.
- The NAFTA does not threaten Canadian **jobs**. Low productivity, recession-battered markets, protectionist trade barriers, inflation-driven prices, volatile exchange rates, inward-looking business plans—all these threaten Canadian jobs. The NAFTA does not create competition. Canada is already competing against low-wage countries and high-wage countries throughout the world, and their markets are our hope for the future.

Conclusion

In 1948, C.D. Howe said the following:

The times in which we are living call for initiative and resourcefulness We must be constantly alive to the changes taking place in the world and quick to seize every opportunity that will build up our economy It cannot be done overnight but I am confident that, with the co-operation of industry, of government and of [other] organizations ... we can build toward a better Canada and a better world.

Canada can and must compete. Canadians can and must win in world markets. Canada must pursue a vigorous, outward-looking trade strategy to maintain and enhance the prosperity and social benefits our citizens enjoy. Mr. Speaker, if the great nation-builders of Canadian history taught us any lesson, it was to make farsighted choices for the benefit of future generations. Our future generations deserve no less from this House.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

93/41

AS DELIVERED

AN INTERVENTION BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
AT THE
OECD MEETING OF COUNCIL AT MINISTERIAL LEVEL
"THE MULTILATERAL TRADING SYSTEM"

PARIS, France
June 2, 1993

Mr. Chairman, colleagues:

As was discussed this morning, the prospects for moving the world economy toward renewed sustainable economic growth and job creation present our governments with some formidable challenges. In shaping our response to these challenges, we must consider the increasing globalization of economic activities and the growing interdependence of our domestic and international economic policies.

Trade is a major engine of growth and is leading many of our economies into recovery. At this time, nothing would contribute more to strengthening confidence in an expanding world economy than bringing the Uruguay Round to a successful conclusion (and, let me add, at no fiscal cost). So far, our commitment to a stronger and more open multilateral trading system has been defied by the great complexity and the apparent intractability of the key issues on the Uruguay Round agenda. This has created uncertainties about the overall direction of trade policies and the future of the multilateral trading system itself. Creating new trade and investment opportunities requires tearing down trade barriers and reforming the trade rules governing our economic relationship. It is fundamental that all countries, big and small, be prepared to operate their trade regimes within these rules.

The decision by the United States administration to seek an early renewal of its negotiating authority and its determination to complete the Round by December 15, 1993 are positive steps. The shared determination by other OECD [Organization for Economic Co-operation and Development] governments to reach an early GATT [General Agreement on Tariffs and Trade] deal is also welcome.

This is critical, as the rest of the world is looking to us to demonstrate that we have ourselves re-engaged seriously and have laid the basis for resuming the full negotiating process in Geneva as soon as possible. Some 37 developing and developed countries have clearly placed the responsibility on us to show leadership by breaking the logjam in the market-access negotiations. We heeded their call, and last month in Toronto we created a new momentum for the Round. My colleagues from the United States, the European Community, Japan and I agreed to seek to develop the broad outlines of a large and balanced package of market-opening measures as the basis for a substantive statement on the Round by leaders at the Tokyo Summit in July.

This package will need to include broad and substantive services-liberalization commitments, including for financial services. It will also need to lead to a substantial reduction, harmonization and elimination of tariffs and non-tariff barriers facing all major goods sectors: manufacturing, resource-based and agricultural products.

Only a large market-access result will create the kind of new trade and investment opportunities that will act as a spur to sustained economic growth and enhanced competitiveness of our economies. This is what will allow us to garner the necessary private-sector support for a reformed GATT system. Such a package will also be key to ensuring that the pursuit of multilateral and regional trade arrangements are compatible, in support of more outward-looking trade policies.

While actively engaged in the Uruguay Round, Canada also concluded a Free Trade Agreement with the United States and negotiated the North American Free Trade Agreement [NAFTA], convinced that open regionalism and open multilateralism are two sides of the same coin. In both agreements, we have agreed to reduce barriers among the free trade partners; we have not increased barriers vis-à-vis others. Far from being a trading bloc, the NAFTA is a building block for a more dynamic North American economy and for expanding trade worldwide.

We must all be prepared to put our shoulders to the wheel. The draft final act issues need to be resolved in the fall, with as few changes as possible, as part of a truly global and balanced overall Uruguay Round outcome. The proposed Multilateral Trade Organization, which Canada has sponsored, will help to ensure effective and coherent enforcement of the new trade agreements.

Mr. Chairman, we need to complete the Round if we are to maintain our credibility. Completion of the Round will enable us to move on to tackle new issues. There is clearly no status quo on the trade-policy front. Our failure to find multilateral solutions to emerging issues can only fuel pressures to find solutions outside the system.

The OECD is well equipped to enhance our understanding of cross-sectoral issues. Competition and investment policies are good examples. Canada has been at the forefront in pressing the OECD to do a comprehensive analysis of the broad issues relating to investment instruments. The analysis and the solutions must capture the complexities involved. For Canada, we want to ensure that our particular interest as a federal state are understood and met.

I am pleased that the OECD has moved quickly to develop guidelines to assist our policy makers concerned with trade and environment to take into account the legitimate concerns of both areas. These guidelines will strengthen the capacity of governments to ensure that trade and environment policies will be pursued in a mutually compatible and reinforcing manner.

Canada endorses these guidelines. Moving forward will require more rigorous analysis of the difficult and outstanding issues, some of which have been highlighted in the joint experts' report.

For example, the Joint Experts Group should examine how best to ensure that countries accept and comply with new international obligations in the environment area. In this area, as is the case of our work on competition and investment, the OECD can provide the sound analytical basis and co-operative approach that we as ministers need.

It is the OECD's analytical capacity and co-operative approach that has proved fundamental to the development of our shared understanding of issues and has provided the basis of co-ordinated multilateral solutions. This co-operative rather than unilateral approach has served us well in the past and should guide us in the future.

The more immediate test of our mettle is the conclusion of the Uruguay Round. However, we must clear the decks of the Uruguay Round -- a complex undertaking in itself -- without further complicating our task as these other emerging issues come onto the negotiating table. We must tell our other partners in the Round that we are ready to return to Geneva this summer to achieve a successful outcome that will be a truly global and multilateral undertaking.

In closing, Mr. Chairman, when we achieve a successful conclusion to the Uruguay Round, we will all reflect with great respect on the tremendous contribution of Arthur Dunkel to the historic result.

Thank you, Mr. Chairman.

Statement

Secretary of
State for
External Affairs

Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/42

AS DELIVERED

AN ADDRESS BY
THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
TO THE
SPECIAL ORGANIZATION OF AMERICAN STATES (OAS)
MINISTERIAL MEETING ON GUATEMALA

WASHINGTON, D.C.
JUNE 3, 1993

Mr. Chairman:

We in Canada were extremely distressed over the efforts of President [Elias] Serrano to stage an "auto-coup" in Guatemala. This backward step, coming so quickly after the coups in Haiti and Peru, would have led to widespread disappointment in Canada, as a further setback to the progress towards democracy in our hemisphere. Canadians, and hence Canadian governments, have no interest in strengthening our ties with dictatorships.

Therefore, I am pleased to join with others today in expressing my satisfaction that Mr. Serrano's attempt to rule by himself seems to have failed. It failed thanks to the courageous stand taken by all sectors of Guatemalan society and by individual Guatemalans. It failed thanks to the strong reaction of the international community led by the OAS [Organization of American States] and most of its member states.

Before going further, allow me to commend you, Mr. Secretary-General, and our colleagues from Nicaragua, Barbados and Uruguay, for your decisive, highly skilled intervention on behalf of the hemispheric community and the cause of democratic principles.

I agree with those who have already cautioned that the restoration of full representative democracy under the Constitution in Guatemala has not yet been completed. The OAS, therefore, must keep this ad hoc meeting open until this task has been fully completed.

If events dictate, we must be prepared to persevere both through this organization and bilaterally to ensure that representative democracy is restored. We must be prepared to tighten individual and collective sanctions if there is any backsliding. We must ensure that the OAS sends a clear and unambiguous message to the hemisphere and to the world: attempts to overturn democratically elected institutions by extra-constitutional means will not be tolerated.

Mr. Chairman, like a number of other countries in this hemisphere and therefore a number of members of this organization, Guatemala is a relatively new democracy. Its democratic organizations are still new and, in some cases, weak. These institutions are also threatened by the continuation of a long-standing insurgency that saps the energies of the government, its institutions and the entire society.

While we support efforts such as those just undertaken by this organization to turn back the clock on would-be dictators, we are firmly convinced that a more productive, long-term approach by the OAS and its member states is called for.

What we have in mind is a much more active role for the OAS in the promotion and strengthening of democracy. The Unit for the

Promotion of Democracy (UPD) should be used for more than election monitoring, although that is certainly an important aspect of its work. We see several needs that the UPD should be addressing in Guatemala and in those other countries that are anxious for assistance from the OAS:

- 1) seminars, workshops and training opportunities for the judiciary and those responsible for law enforcement;
- 2) education of the military on its role in a democratic society;
- 3) technical assistance on judicial reform;
- 4) financial and technical assistance for human rights organizations;
- 5) education at the local level on the role and function of democracy; and
- 6) more exchanges between democratic institutions within the hemisphere.

We see no reason why the UPD could not be working on these needs. If it had been doing so in Guatemala, we might not be confronted with the situation we face today.

It is not my intention, Mr. Chairman, to dwell on lost opportunities. My point is that we have an obligation to ensure that we are not continually confronted with these situations. I am confident that the OAS can take action that will help prevent such situations from occurring.

We should mandate the UPD to begin to work in Guatemala on the needs I have just identified. I know there are other needs as well. My government also believes that there is a role for the Inter-American Commission on Human Rights, and urge that it be asked to send a mission to Guatemala as soon as possible.

When this organization begins to implement a long-term approach to the promotion of democracy, its real value to the hemisphere will become more evident. The crisis management of coups is not what the Santiago Commitment was all about. I believe it was about building democratic societies. My government expects us here today to start building, and I think that strong support for strengthening democratic institutions in Guatemala is a good place to start.

Minister of Industry,
Science and Technology and
Minister for International Trade,

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

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Statement

Déclaration

93/44

AS DELIVERED

AN ADDRESS BY THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
AT THE

OECD MEETING OF COUNCIL AT MINISTERIAL LEVEL

"OECD IN AN INTERDEPENDENT WORLD"

PARIS, France
June 3, 1993

Mr. Chairman:

Expanding the Organization for Economic Co-operation and Development (OECD)'s relations with non-member countries is in the best interests of all members.

Canada has pressed the OECD to develop its program of contacts with non-members because we believe that the OECD has much to offer -- and to learn -- from the major emerging actors in the world economy.

Through the unique abilities of the OECD, we can facilitate the integration of non-members into the international economic system, and promote and support economic and political reform.

No less important, dialogue with non-members, particularly those who are increasingly important trade partners, enables us to learn more about their economies and their policy-making.

The OECD's relationships with non-members vary, depending on the level of economic interaction. Canada strongly supports continuing this open yet differentiated approach. We have seen that a number of countries have moved toward much closer economic co-operation with the OECD as their economies have developed.

Mexico and Korea stand as clear examples. Both have become active participants in many OECD committees, making valuable contributions and drawing benefit from the experience.

Using the premise generally accepted in the OECD that potential members should be market-oriented democracies with large economies that interact significantly with current OECD members, we believe that Mexico is ready for membership now, and that Korea will be so in the near future.

Mexico has demonstrated its commitment to the values shared by OECD countries by implementing significant economic policy reforms, liberalizing trade, establishing the legal framework for abiding by OECD codes on investment, and by working to improve its record on human rights and environmental protection.

These major steps have made the Mexican economy more dynamic and have accelerated its interdependence with the rest of the world. This reinforces the importance for OECD dialogue and peer review on Mexican trade and economic issues for all of us.

From my own experience in negotiating the North American Free Trade Agreement, I am firmly convinced that Mexico is ready to be invited to join the OECD. It is in our interest as an organization as well as in theirs. We look forward to seeing our Mexican colleagues around this table at the next ministerial meeting.

Mr. Chairman, some countries of Central and Eastern Europe and the former Soviet Union have also made considerable efforts toward reforming their economic and political systems.

We believe that, for the most part, the OECD's Centre for Co-operation with European Economies in Transition addresses their priorities in areas where we feel that the OECD has a "comparative advantage."

The program evaluation now under way will help us assess how effective the centre is. We will take it into account in our position on the work program and budget exercise.

Looking ahead, Canada supports ongoing co-operation between Russia and the OECD, and welcomes their request for more extensive ties with the organization. This will enable Russia to assess its interests and contributions, while benefiting from participation in discussions on a number of sectoral and macroeconomic policy issues.

We also need to engage in further and more refined senior level policy dialogues with these countries. The high-level meeting last month was not perfect, but it was an important first step toward a more effective two-way dialogue.

Mr. Chairman, we have a special responsibility to work together on the challenge of development co-operation and to speed the process of integrating all countries into the international economic system. It is important to enhance the quality and focus of our assistance.

We need to use the strengths of the OECD to ensure that all of our policies affecting developing countries are mutually reinforcing. Therefore, Canada supports work on improving the coherence between development co-operation policies and policies in the areas of trade, investment and the environment.

Fiscal constraints and additional pressures compel us to ensure that our collective resources are being put to their best uses. We turn to the OECD to provide analysis and policy advice to deal with these new realities.

Migration is posing new challenges, which call for solutions based on international co-operation and prevention, as well as cure. The Madrid conference on migration, co-sponsored by Canada, underscored the need for comprehensive development strategies to reduce emigration pressures and to contribute to the manageability of migration flows.

The OECD should continue to analyze immigration trends in a multidisciplinary manner, with particular attention to the linkages with aid, trade, and foreign direct investment.

Congratulations are also in order on the work of the informal dialogue with dynamic non-members. The meetings held to date have been productive and informative.

The decision to extend the dialogue for certain issues is one which we strongly support.

Concerns have been expressed that, in the trade-off between the OECD's core work and its co-operation with non-members, the traditional economic work for members will suffer.

This need not be the case. The priority for the Organization remains work for its members. However, by maintaining a network of open contacts with countries who are building economic and political systems in harmony with our own, members and non-members alike can work together in pursuit of the goals of economic growth, free multilateral trade and development. These are not mutually exclusive. Rather, they are mutually reinforcing.

In conclusion, Mr. Chairman, I want to comment on the very sensible suggestion made by our Swedish colleague this morning that we should have a more strategic approach to our relations with non-members. His proposal for the establishment of an "Eminent Person's Group" to address this matter strikes me as one which deserves support. It could make a valuable contribution to our understanding of how to orchestrate our relations, programs and dialogue with non-members, to greater benefit of all concerned.

I also find the idea of separating the Centre for Co-Operation with European Economies in Transition from the OECD (in the same way as the IEA [International Energy Agency]) is an intriguing one. I believe that we should ask the Eminent Persons' Group to look specifically at this idea.

Statement

Secretary of
State for
External Affairs

Déclaration

Secrétaire d'Etat
aux Affaires
extérieures

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93/45

AS DELIVERED

AN INTERVENTION

BY THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
AT THE AD HOC MEETING OF OAS FOREIGN MINISTERS
ON HAITI

MANAGUA, Nicaragua
JUNE 6, 1993

City of Toronto

Canada

Government of Canada
Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

I first want to say how inspiring and comforting it has been for me to be part of this group through the good and the bad times. My thanks particularly go to the Secretary-General and the Foreign Minister of Bolivia for their leadership, and to all of you for your friendship and support.

From the beginning, it was clear to all of us that Haiti would be a test case for the Organization of American States: after the Santiago Commitment, Haiti was the first country to fall victim to an attempt to smother a democratically elected government. It was even more tragic because all of us had responded to the Haitian call for help in organizing free and fair elections, the first real ones in Haiti since its independence.

As we have seen in the case of Guatemala, the least we could do as a collective body was to stand by the democratic forces in Haiti, and by a clear show of resolve, help them regain their lost liberties. Whatever the length and frustration of this process, we must renew our commitment and continue in the same direction with determination and patience, until our goal has been reached and President Aristide is back in his country.

I would also like to express my admiration and gratitude for the courage and the patience with which special envoy Dante Caputo has carried out his mandate. I share his vision of securing a settlement that encompasses all Haitians of good faith and sets the base for national reconciliation. I want to reaffirm Canada's support for him and his determination and dedication. I want to echo his optimism that President Aristide will be the first deposed president to be returned. But only if we all put some political muscle into this.

Unfortunately, the reasons that led us to take up the case for Haiti are still with us. This country is still suffering under the harsh and arbitrary rule of a few thousand soldiers and their supporters. Ruthless repression and appropriation of the public wealth have not diminished. It is clear that the interlocutors of the de facto regime have no intention of stepping down: they must be forced to do so.

As we prepare to enter a new and, I am convinced, decisive phase of the struggle for democracy in Haiti, we must reaffirm our confidence in Mr. Caputo -- our representative through the Secretary-General -- and support for his efforts and the process he is embarked upon.

I think it is appropriate, and in this case essential, that the Organization of American States work with the United Nations to enable the entire international community to make use of tools that are not available in a regional organization. At our meeting last December, we adopted resolution 4/92, which mandated our Secretary-General "to explore the possibility and advisability of bringing the Haitian situation to the attention of the United Nations Security Council as a means of bringing

about global application of the trade embargo" the OAS called for. We continue to stand by this resolution, and we strongly support the continuing efforts of Mr. Caputo as joint envoy of the two Secretaries-General.

The present situation in Haiti, as all its neighbours have come to recognize it, is a threat to peace and order in the region. Hundreds of thousands of Haitians of all ages have sought a refuge elsewhere. They want relief from a combination of factors that make life in their country unbearable. This is the result of years of harsh and arbitrary treatment of a citizenry that is literally enslaved. We must remember that few of them took to the seas after President Aristide's election, and that an estimated 400,000 fled the capital after the coup.

For these reasons, my government agrees with President Aristide that full embargo is the only method left at our disposal to bring a rapid conclusion to this tragic situation -- if we take vigorously the necessary steps.

It is only by demonstrating our strong joint resolve that those who now hold power in Haiti will understand that there is no other solution than the negotiated peace that the international community is offering.

Let me assure you that the Canadian government's commitment to democratic rule in Haiti will not lessen: this is what Canadians and the majority of Haitians expect from us.

We believe democracy is essential to development, and we can no longer envisage future co-operation with Haiti, or any other country, without taking human rights into consideration.

Statement

Secretary of
State for
External Affairs

Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/47

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY

THE HONOURABLE MICHAEL WILSON

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY

AND MINISTER FOR INTERNATIONAL TRADE

TO THE WALTER E. HELLER LECTURE

IN INTERNATIONAL BUSINESS

ROOSEVELT UNIVERSITY

"CANADA IN A YEAR OF TRANSITION"

CHICAGO, Illinois
June 16, 1993

Government of
Canada

Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

The French poet Paul Valéry wrote that the trouble with our times is that the future is not what it used to be – which seems to contradict the Book of Ecclesiastes – which says that there's nothing new under the sun.

Looking at the world in 1993, you could make a strong case either way. The challenges of the current world situation contain elements of the old and the new – of continuity and change.

The category of the old includes the survival in our time of ethnic tensions that have been smouldering for hundreds of years – and the continuity of poverty and famine in many parts of the world.

And change is strongly represented too. We confront it today in the form of new technologies, new competitive challenges and the need to adjust to a restructuring of economies on a global scale.

Along with other countries, we in Canada have had to confront these challenges, specific to our own situation. And we have done so with an approach to public policy that is, itself, a blend of continuity and change.

We have based our broad macroeconomic policies on a few basic principles that are hardly revolutionary. They were, in fact, the conventional wisdom of 1867, when the Canadian Confederation came into being. With minor variations, it is the approach taken by every successful industrialized nation.

Countries that have employed the right mix of the traditional and the innovative have prospered.

Countries that got it backward – that were too prone to abandon the basics and too firmly locked into traditional ways of applying them – have fallen behind. And it is because of this universal relevance that I want to talk today about change and continuity in the Canadian context. I will point to some examples of these elements in our current national agenda and in the way we are tackling it. Let me first sketch in the background.

The government of which I'm a member came into office in the Canadian general election of 1984. And as anyone who knows Canada can testify, there has been a dramatic change in the economic environment since then. In fact, some observers – including a few at home – have characterized the policies that produced that change as radical. Yet, if you take that word back to its literal meaning – growing out of the roots – it was exactly the opposite.

At the macroeconomic level, it would be more accurate to characterize the approach of the government since 1984 as back-to-basics – a return to principles that have served our country well since the founding of the Canadian Confederation.

Those principles, briefly summarized, are a commitment to stable prices, balanced public finances and liberalized trade. They also include a conviction that prosperity is not a gift that is within the power of governments to give. Prosperity is what happens when a business sector operates in a climate that rewards effort, enterprise and innovation – one built on co-operation.

These were the principles by which Canada's economic policy has been guided throughout most of its history. And, because they grew out of the realities of our situation, they have been accepted and acted on by successive federal governments – Conservative as well as Liberal.

These steering points have never been explicitly abandoned. But when the Mulroney government came to office, federal policy had strayed a good deal from the basics and had created a costly legacy with which we are living today.

Consequently, the national agenda required a course correction to get the ship of state back on course to prosperity by way of international competitiveness. This required corrective action at many levels, most of them related to the role of the public sector. For example, over the years, a degree at a time, the climate for foreign investment had been allowed to cool to a less-than-comfortable level.

We took various steps to turn up the thermostat. I won't go into all the details, but one good way to sum up the altered atmosphere was the replacement of a government office called the Federal Investment Review Agency by an agency called Investment Canada. The change in name fit the new mission, which changed from warning off investors to welcoming them.

We also retired a national energy policy that was not only a deterrent to investment, but was also a serious irritant in relations with our oil-producing provinces.

We deregulated the financial services and transportation sectors.

We got rid of a hidden 13.5 percent tax on manufacturers' inputs that was a competitive handicap. We replaced it with a visible 7 percent national value-added sales tax on goods and services.

We also began to get government out of business. Over the years – often for reasons that made good nation-building sense at the time – the Government of Canada had collected a costly cupboard full of what we call Crown Corporations.

There were 61 of these in 1984, with assets of more than \$50 billion and 207,000 employees. We went through the cupboard selectively to distinguish between those that still served a national interest and others that did not. On this basis, we privatized 23 Crown Corporations, including a very large airline, two aircraft manufacturing companies, and a communications and data-processing company.

We also negotiated the Canada-U.S. Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA), topics I will get back to in a moment.

And, to get to the toughest task of all, we launched an all-out drive to bring down a very large federal deficit.

I want to pause at this point to explain something about ultimate goals. It's worth doing because there are certain differences of vision and vocabulary between our two countries.

Terms like "conservative" and "liberal" or "right" and "left" cannot be transferred across the Canada-U.S. border without interpretation. Take, for example, the very name of my own political party, 'Progressive Conservative'. While the idea of a party being both progressive and conservative is quite foreign to your political traditions, in Canada, these ideals have lived comfortably in one party for over half a century.

Canadians have always looked at their native land as a frontier of opportunity. For over two hundred years, two linguistic cultures have shared a country full of promise, but one with a hostile climate and a vast, empty landscape. So the history of our development was more one of rugged co-operation, than of rugged individualism.

The ability to fulfil individual ambitions has always been one of the Canadian specifications for what Lyndon Johnson might have called the "Great Society" in the days when Walter Heller was giving him advice. The Garden of Eden, as visualized by Canadians, is neither completely the domain of Adam Smith nor of the social democratic tradition. It was a Progressive Conservative government, for example, that first established a national hospital insurance regime in Canada.

One reason for concern about the status quo of 1984 was a desire to keep the frontiers of individual opportunity open. But there were others.

Projected into the future, neglect of the fundamentals would undermine the ability to provide the safety nets and social services that Canadians see as essential ingredients of a well-ordered society.

These changes in course were absolutely necessary to avoid a shipwreck later on. They would not have been easy to make in the best of times. It was the luck of the economic cycle that some of them were coming into effect during times that were far from that. They have required adjustments and sacrifices that have been painful in the extreme for many Canadians.

On the other hand, we have been fortunate in other ways. Integrity and courage in political terms means a readiness to do the unpopular thing, when the national interest requires it.

Over the past eight and a half years, Canada has had in Prime Minister Mulroney, a leader with the political guts and tenacity to see a difficult task through. Mr. Mulroney made tough choices and, in doing so, expended some of his personal political capital. But not unwisely, nor unavailingly.

Inflation in Canada today stands at 1.8¹ percent, its lowest level in 30 years. Interest rates have followed inflation down. Our prime rate is at its lowest in 21 years.

The battle against the budget deficit has been waged unremittingly even in the teeth of a tough recession. It remains a major national challenge.

Central to our policy have been efforts to cut the government's program spending – all expenditures except those intended to service the debt. And we have made progress. Between 1984 and 1990, Canadian federal program spending grew in real terms significantly less than such expenditures by any other G-7 (leading industrial) nation – just 0.1 percent annually. This allowed us to turn a substantial operating deficit into an operating surplus – which means we are paying for all our current programs, but still operate in the red because of debt servicing.

This has required tough, sometimes unpopular decisions, which often caused great controversy. This restraint has helped to bring our deficit down as a share of Canada's economy. On an accounting basis comparable to that used in the United States, the Canadian federal deficit declined from 6.7 percent of GDP (Gross Domestic Product) in fiscal 1984-1985 to just 4.4 percent this year – despite pressures on revenues and spending as a result of the recession – an overall decline over the period of 2 percent. In the same period, the U.S. federal deficit fell a total of 0.4 percent but now stands at 5.4 percent of GDP, on the same basis.

¹

Statistics Canada (April 1993 figure)

The debt and deficit questions are difficult legacies from the past. As for the future, the Organization for Economic Co-operation and Development (OECD) has picked Canada to lead the G-7 countries in growth in 1993. The indications are that we will do that – with annualized growth of nearly 4 percent in the first quarter and a sharply rising leading economic indicator.

So we are back on course and back to the basics. And because we are, we have been able to move on to new and adaptive microeconomic measures – with the private sector leading the way.

I won't get into this part of our domestic agenda in any detail, except to say that it calls for new thinking and new approaches across the board in everything from training, education and technology, to co-operative arrangements between business and labour.

At this point, I would like to return to an element of our national policy and personality that has been constant throughout our history.

Canada ranks 31st in the world in population. But Canada has the eighth largest economy in the world and the ninth highest per capita GNP (Gross National Product). How did so few of us do so much? Certainly not by pulling up the drawbridge and selling to only each other.

Trade is the breath of economic life to Canada. Exports are responsible for one job in three and for more than one quarter of our GDP.

Our market is the world. And it is a visceral awareness of this fact that has consistently put the dismantling of trade fences at the top of our foreign-policy priorities.

Canada has played an active role in the clearing away of market barriers that have compartmentalized the world. We were one of the founding nations of the General Agreement on Tariffs and Trade (GATT). Since the start of the Uruguay Round of multilateral trade negotiations, Canada has made a successful conclusion to the talks her number one trade-policy priority. And there is widespread national consensus on that issue, which unites all regions of the country, cuts across party lines and will survive both leadership changes and general elections.

The global economy is recovering from a significant downturn, which still affects many countries. The economy needs a boost – a new direction – to lift it out of its current doldrums.

According to the OECD, implementation of former GATT Director-General Arthur Dunkel's proposals would add \$200 billion to \$300 billion to the world's economy by the end of this decade. A successful conclusion to the GATT Round would send a message of confidence, communicating our strength of purpose to bring the benefits of freer trade to all the world's peoples. But if you look at the other side of the coin, failure would, at a minimum, leave the world trading system deadlocked over some vital issues. At worst, it would foster a new stream of protectionism and reverse the global momentum toward economic liberalization.

Coming back to this continent, it was Canada that made the first move in getting the negotiations started that led eventually to the Free Trade Agreement with the United States.

We did so for two main reasons. We were acutely conscious that we were the only major industrialized power without secure access to a market of at least 100 million people.

We were also highly aware of the unique importance of the Canada/U.S. trade relationship. Understandably, I suppose, the significance of that connection — and in particular, its asymmetry — is more widely understood in Canada than it is here.

Ask any Canadian to name our largest trading partner, and they'll get it right the first time. But how many Americans realize that their largest trading partner does not live across the Pacific or the Atlantic, but on the other shore of the Great Lakes. Or that their second largest partner is not Japan or Germany, but one Canadian province: Ontario.

We wanted to make Canada/U.S. trade a smoother and more predictable relationship, less subject to disruption by disputes, confrontation and protectionism. That was in our interest — it was in the interest of the United States.

And, at the end of the day, that is why the two partners were able to agree — because Free Trade was a win-win proposition, north and south.

There were many Canadians who did not see it that way. But confidence prevailed, and a general election was fought and won on that issue in 1988.

The Agreement came into force during an economic slowdown. Some wrenching adjustments have occurred, as Canadian industries restructured to become more competitive during a global recession. But now, four years into the Agreement, it is justifying the confidence of its architects.

In 1988, the value of Canada's exports to the United States was C\$102.6 billion. In 1992, it was C\$122.3 billion. Over the same period, the level of United States exports to Canada has risen from \$88.8 billion to \$104.6 billion.

A recent study by the Government of Canada on trade patterns in the past 30 years shows that merchandise trade between the United States and Canada has grown faster than either country's gross domestic product.

Significantly, over the past 10 years, both countries have increased their share in each other's markets. U.S.-based, non-transportation manufacturers saw their share of the Canadian market grow from 18 percent in 1986 to a record 21 percent in 1991. Canadian manufacturers, too, have reached an all-time record share in your markets. It is worth pointing out that these records have been reached since the Canada-U.S. Free Trade Agreement has been in effect. Simply put, free trade expands trade.

Clearly, the FTA has been a win-win situation for both countries.

During a difficult economic period, total two-way trade in goods and services between our two countries increased by 16 percent under the FTA. Trade between Canada and the United States reached \$227 billion in 1992 – the largest two-way trading relationship in the world. Many Americans – and Canadians alike – are still surprised by the magnitude of this relationship.

Moreover, it is a relationship that is balanced. Canada enjoys a merchandise trade surplus with the United States. But the United States has a positive current account balance with Canada, thanks largely to Canada's trade deficits in tourism, business services and foreign-debt payments.

The Free Trade Agreement has not made the Canada-U.S. trade story an entirely harmonious one. There continue to be frictions, as you might expect in the world's largest trade relationship. We have serious problems now in steel, beer and softwood lumber. But over 95 percent of our trade continues without any problem. And, thanks to the FTA, we are in the enviable position of being able to address our differences through what has proven to be a transparent, fair and equitable dispute-settlement mechanism. And this mechanism has been strengthened in the North American Free Trade Agreement.

Canada is committed to the NAFTA. Our Parliament has nearly completed its consideration of legislation to implement the Agreement. The passage of the legislation will culminate shortly in Royal Assent conveyed by Canada's Governor General. Then we must wait for the corresponding implementing legislation to be passed in Washington and Mexico City.

In fact, Clause 242 of our legislation requires that the two other signatory countries pass their implementing legislation before the Canadian act can be proclaimed into law.

We have before us the prospect of concluding side agreements, which would result in unprecedented co-operation in the fields of labour and environment.

These agreements would be beneficial for each country and would be good for North America generally. We do not want to lose this opportunity.

The negotiations on side agreements are a chance to make real gains for the environment and for our workers. But the agreements have to work. We have to get them right. That is why Canada firmly believes that these negotiations ought not to jeopardize, in any way, the benefits to be gained from creating an integrated market of 360 million consumers in North America.

The NAFTA brings down trade barriers among our three countries. Now we must be careful not to erect any new barriers to trade in these side agreements. Otherwise, we will be allowing a pall of protectionism to overshadow the benefits of this accord.

The Government of the United States has proposed the imposition of new tariffs in the event of violations of labour and environmental laws in any of the NAFTA signatory countries. Canada is fundamentally opposed to this use of trade sanctions. We believe that other, effective compliance tools are available, and we do not want to erect new trade barriers after having torn them down in the NAFTA.

The threat that protectionists in all three countries could hijack the process and harass their competitors with trumped-up charges would inject uncertainty into the NAFTA trade area, eroding the very confidence and predictability that the NAFTA was designed to create.

All three countries agreed that the NAFTA would be implemented on January 1st, next year. And Prime Minister Mulroney, President Salinas and President Clinton are all on record as not wishing to reopen the NAFTA itself. On the matter of the side agreements, while there are many areas of agreement among the NAFTA partners, there remain these differences. We are confident, nonetheless, that outstanding differences respecting these side agreements can be resolved in the coming weeks.

With respect to the NAFTA itself, you in the United States are experiencing for the first time the kind of debate that engaged Canadians four years ago, when we implemented the FTA.

In Canada, the critics predicted nothing short of economic calamity, replete with downward pressure on Canadian wage and benefits packages, the demise of Canadian culture, loss of sovereignty over water resources, unavoidable lowering of our environmental standards, destruction of our social services, including Canadian medicare, and the elimination of entire sectors of Canadian industry.

And what does the record show?

Four years later, Canada's merchandise exports to the United States are up 19 percent, and U.S. merchandise exports to Canada are up 18 percent. Our social services remain intact. Your government is studying our medicare system. Canadian culture is alive and well. Environmental standards have improved. And I have not seen one American claim FTA rights to import a Canadian lake or river — although Canadian entrepreneurs have captured significant markets for high-quality Canadian bottled water in the United States.

The lesson is obvious. The NAFTA opponents, like the FTA critics before them, argue from a false premise. They think removing walls that protect and segregate markets will force unacceptable harm upon workers, whereas by leaving walls up, harm will be minimized. They are wrong.

The reality is that unavoidable competition is already hard upon us in North America. The NAFTA merely creates a framework of fair rules for competition. In other words, the NAFTA promises a more gradual adjustment and greater stability than would otherwise confront employers and workers in the long run.

The real question, then, for all three countries, is: Would we be better off without such a mutually agreed rule book for the years ahead? The answer is no — without the NAFTA, we will all be worse off.

The Government of Canada is, more than ever, convinced that the decision we made to enter into the FTA in 1989 was the right one. The NAFTA will build on the solid achievements seen by Canadians and Americans alike under the FTA.

I urge you to maintain the momentum for free trade and support quick passage of the NAFTA legislation in the U.S. Congress.

I want to turn now to change and continuity on the Canadian political scene.

In a good hockey town like Chicago, (no offence to the Bulls and the Bears) I don't have to explain line changes and what they do for the momentum of the game.

This is a year of change in Canada. At the federal level, a major line change is under way, as the leaders who entered politics in the 1970s turn over the levers of power to a generation who became active in the 1980s.

Counting all parties, one third of the members of the current Parliament are retiring from politics – and that includes about half of the present cabinet. This unusually high proportion is indicative of a generational change, which is under way in the political leadership of Canada.

Prime Minister Mulroney, too, is retiring from federal politics. Since Sunday, when the Progressive Conservative Party voted at its ninth leadership convention, we have had a new party leader – Ms. Kim Campbell. She is both the first woman and the first person from Canada's West Coast to lead our party. And Ms. Campbell will become Canada's 19th Prime Minister – and first woman Prime Minister – when she and her new Cabinet are sworn in next week.

The mandate of our present Parliament expires in December of this year. Before that time, Ms. Campbell will face the people as Prime Minister in a federal general election. What does this portend for our economic policy in the future? The answer, I believe, is renewal of purpose and vision on a scale unprecedented in Canadian politics for several generations.

I'm confident that the Progressive Conservative Party of Canada will prevail in the general election. Moreover, during her candidacy for party leadership, Ms. Kim Campbell has been firm in her determination to hold steady on the course that has brought us this far. Although I can't speak for her, I believe that Canadian economic policy will continue to be a pragmatic blend of continuity and change.

More important: This kind of approach appears to have the support of a much larger share of the population than in the past. In this respect, too, we are part of a wider global change in attitudes. Over the past decade, the collapse of centrally commanded economies contrasted with the performance of the free-market model has produced a return to realism. There are signs that matters like deficits, productivity and competitiveness are no longer seen to be abstract academic issues, but down-home, pocketbook concerns. In fact, Canadians are deeply concerned about the debt and deficit problems facing all levels of government. Moreover, they have expressed a widespread consensus that the key to solving these problems is also the key to solving our high unemployment problem – a growing, competitive economy – an economy that includes more of those who have been marginalized by the recession and restructuring, making them taxpayers instead of tax spenders.

I think these are challenges that all of us in North America share. In Canada, we are beginning to tackle many of our obstacles to competitiveness - in some areas, through increasing collaboration among governments, and between the public and private sectors - in other ways, by getting out of the way of private initiative.

Canada will continue on the path of restructuring in both sectors. We have little choice if we are to keep up with the best in the world. And they aren't just in Japan, Europe, or the Asia-Pacific Region. Frequently, the best in the world are found right here in North America.

For us, remaining competitive in a global marketplace is not simply a fond wish; it is a requirement for survival, and most Canadians recognize this. And that is why I am confident that Canada will continue to work for increasingly open-market access in all markets of the world. That is why we will make the investments that we need to keep our skills up to date. That is why we will make sure that Canadian firms have the technology and the know-how to keep up with the United States' best and the best from the rest of the world.

Thank you.

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire d'Etat
aux Affaires
extérieures

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AS DELIVERED



AN ADDRESS BY

THE HONOURABLE BARBARA McDougall,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

TO THE
UNITED NATIONS WORLD CONFERENCE ON HUMAN RIGHTS

DELIVERED BY DOROTHY DOBBIE,
MEMBER OF PARLIAMENT

VIENNA, Austria
June 16, 1993

Publiez-moi

Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

Madam President, Mr. Secretary-General, ministers, delegates,

I am here today representing Canada's Secretary of State for External Affairs, the Honourable Barbara McDougall, and I am delighted to do so because the eyes of the world are upon this conference.

The world is at a critical historic juncture. The Cold War has ended. More open and democratic societies have emerged in many parts of the world. The prospects have improved for a major leap forward in observance of human rights.

At the same time, violations of human rights -- torture, disappearances, summary executions, racism, denial of freedom of expression, rape and discrimination against women -- all continue unabated.

There is, less than 500 kilometres from this conference hall, a tragedy raging out of control which serves as a powerful reminder of the horrors that can be unleashed when human rights are abandoned.

Yet the battle for universal human rights has ignited a spark in virtually every corner of the world. And we must fan that spark into a flame.

Our decisions can challenge parliaments and reach into small villages. And so we must seize this chance to build a "worldwide culture of human rights" that can be a stronger bulwark against abuses, more effective than any law or any sanction.

Decisions alone, however, are not enough. Concrete and practical measures resulting in early improvements in human rights are what we need to see emerging from this conference.

So, Madam President, the United Nations Charter calling for "universal respect for ... human rights for all" set in train one of the most noble enterprises in the history of humankind.

The subsequent adoption of the International Bill of Rights and other human rights instruments over the past 45 years is one of the greatest achievements of the United Nations. It has inspired real progress in respect for human rights in many countries.

The right of all governments and of the international community to address human rights violations, wherever they may occur, is today beyond challenge. And the days when governments could claim sovereignty to justify abuses of human rights, those days have drawn to a close.

Reinforcing Commitment to Universality

Here in Vienna we must reaffirm the principle that has guided the United Nations throughout its history -- the principle of the

commitment to the universal character of basic human rights and freedoms.

We understand that democracy can take different forms, just as economic and social programs are shaped by different national circumstances. And we recognize that no society is perfect: the quest for rights and freedoms presents a never-ending challenge for all governments.

But human rights principles are universal -- they reflect the natural aspirations of all human beings. They do not, as some suggest, represent uniquely Western values. Freedom of opinion or speech, due process of law, or quality of all persons regardless of distinction, these are principles no less applicable to individuals in one part of the world than in any other part of the world. Torture is torture in anyone's language.

Human Rights: A Key to Peace and Development

The promotion and protection of human rights internationally is more than just a matter of values -- it is a matter of basic mutual interest. As Article 55 of the UN Charter makes clear, respect for human rights is a key to a more peaceful and prosperous world for all.

And as Secretary-General Boutros-Ghali has emphasized, "there has never been a more evident need for an integrated approach to the objectives of peace, democracy and human rights and the requirements of development."

All human rights, civil and political, economic, social and cultural are integral to sustainable development. There is no time for sterile debate about the relative importance of different human rights. This is no "either/or" proposition.

The United Nations Declaration on the Right to Development, which Canada supported on adoption in 1986, underlines the responsibility of all countries and of the international community as a whole to strive for the realization of all universally recognized rights. There are encouraging signs. The latest United Nations Development Program Report on Human Development notes that "close to two-thirds of humankind now live in countries that are moving towards, or are already enjoying, democratic forms of government."

That report stands as testament to a simple reality: that a country's potential for social and economic development is inextricably linked to the freedom of its citizens to participate fully in all aspects of society.

Governments that are genuinely committed to protecting human rights should receive encouragement and assistance of the international community.

Since 1984, Canada has contributed over \$100 million to development assistance activities aimed at promoting civil and political rights, aimed at fostering democracy and building vibrant civil societies.

The United Nations must do more, much more, to assist developing countries and countries in Eastern and Central Europe to improve their institutions for administration of justice, and to promote free and fair elections.

And we need to encourage international financial institutions to review the implications of their policies and programs for human rights.

Among the initiatives Canada is actively promoting at this conference is the development of co-operation between independent national institutions, such as the Canadian Human Rights Commission, and the growing number of such institutions emerging in other parts of the world.

Enhancing the UN Human Rights System

The strengthening of the overall United Nations human rights system is the critical issue of this conference.

The situation in the former Yugoslavia might be different if preventive diplomacy, as outlined in the Secretary-General's "Agenda for Peace," had been put into practice. The Secretary-General has proposed mechanisms to identify human rights problems that can trigger mass migrations and other forms of instability. This conference must endorse these proposals.

And we must enhance the effectiveness of the mechanisms we already have -- treaty bodies and rapporteurs, as well as the Commission on Human Rights itself. And, we must stop talking about an International Criminal Court and start taking the practical steps necessary to set it up.

There is also a need for much greater co-ordination and co-operation among various agencies involved with human rights. For example, the work of the International Labour Organization, which plays a crucial role in protecting the fundamental rights of workers worldwide, must be better integrated with that of other UN agencies.

The Human Rights Centre in Geneva should become a "centre of excellence" for the promotion and protection of human rights within the United Nations system.

A significantly greater proportion of the United Nations regular budget must be devoted to human rights -- the allocation of less than 1 percent of the UN's total budget to the centre is wholly inadequate considering that human rights is one of the main purposes of the United Nations under the Charter.

Canada therefore supports the appointment of a High Commissioner for Human Rights with the authority and the resources to ensure human rights are front and centre of United Nations efforts to promote peace and development for all.

Equality and Human Rights of Women

Madam President, not a single country treats women equally to men.

Around the world, women are beaten, bought, sold, mutilated and degraded simply because of their gender.

In Canada, according to our own statistics, 1 woman in 10 is beaten by her partner. Our government has set an ambitious target -- zero tolerance for violence against women. A Canadian Panel on Violence Against Women, the most comprehensive inquiry of its kind in the world, will present its recommendations this summer.

Thousands of women from all over the world have gathered in Vienna to ensure that we -- the member states of the United Nations -- live up to our commitments under the UN Charter to reaffirm equality between men and women.

Canada salutes the courageous women whose tragic testimonies at yesterday's Global Tribunal on Violations of Women's Human Rights bear witness to the urgent need for the international community to take strong action.

Canada has been actively pressing for action to bring the rights of women into the mainstream of the human rights system. The Ad Hoc War Crimes Tribunal must ensure effective prosecution of rape cases brought to its attention. Canada is also committed to the appointment of a special rapporteur on violence against women and other violations of women's human rights. We call upon this conference to give impetus to this proposal.

The General Assembly should adopt the Declaration on the Elimination of Violence Against Women at its fall session. A complaints mechanism should be established under the Convention on the Elimination of All Forms of Discrimination Against Women to address individual violations under the convention.

And I am pleased to announce that the Government of Canada, through the Canadian International Development Agency, will

provide support of up to \$500 000 to the Centre for Human Rights to enable a women's rights expert to assist in the all-important task of integrating the rights of women throughout the UN human rights system.

Rights of Persons in Vulnerable Groups

Madam President, if fundamental human rights are to be enjoyed equally by all people without distinction, the international community must devote more attention to those whose rights have been traditionally neglected.

The rights of children must be a priority concern for all nations. We must redouble our efforts to implement the Plan of Action adopted by the 1990 World Summit for Children, which Canada was proud to co-chair. And on this, the Day of the African Child, it is fitting to rededicate ourselves to the survival, protection and development of children.

Persons with disabilities experience continuing marginalization in society. If their potential is to be fully appreciated, our outdated attitudes must be challenged and changed.

It is also unacceptable that anyone, because of sexual orientation or HIV [human immunodeficiency virus] infection, be denied fundamental human rights and freedoms.

Indigenous Rights

Madam President, this conference will be commemorating the International Year of the World's Indigenous People. We must ensure that the world's Indigenous people can fulfil their legitimate aspirations to be fullfledged partners in the broader societies in which they live.

Canada looks forward to the completion of a draft Declaration on Indigenous Rights by the Working Group on Indigenous Populations. We support the full participation of Indigenous representatives in the review of the draft declaration by member states. Our experience in Canada has demonstrated that the involvement of Indigenous people is essential to the development of solutions that are appropriate to their needs.

That is why Canada also supports the extension of the Working Group mandate to review developments and advise on the concerns of Indigenous people.

We shall all be coming together in the Commission on Human Rights to give consideration to the draft declaration. Let us do this under one agenda item to ensure that all facets of the situation of Indigenous people receive due attention. Because, Madam President, they have waited long enough.

The World Conference

These are Canada's main goals for this conference.

It will take every ounce of the international community's resolve to attain these objectives. Respect for universal human rights and fundamental freedoms is vital to the achievement of global peace, democracy and development.

I pledge Canada's unflagging commitment to work towards these goals with other nations, and with the global community of non-governmental organizations.

Thank you.

Minister of Industry,
Science and Technology and
Minister for International Trade

Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

CAI
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Statement

Déclaration

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NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO THE
AMERICAS SOCIETY LUNCHEON

OTTAWA, Ontario
June 18, 1993

Good afternoon:

It is a pleasure to welcome you to Ottawa. I also welcome this opportunity to share with you Canada's perspective on the North American Free Trade Agreement (NAFTA), as well as what it means to trade within this hemisphere.

Your visit is timely because Canada's Parliament is in the final stages of passing Canada's NAFTA implementing bill. The NAFTA will link Canada, the United States and Mexico into the largest trading area in the world. The NAFTA is a key part of the solid foundation for trade and investment in Canada that the Mulroney government has been building for close to a decade.

The NAFTA supports Canada's strong commitment to expanding trade relations in this hemisphere and our goal of building new partnerships with our neighbours in the Americas. Trade is essential to Canada's prosperity. More than a quarter of our economy and one third of our jobs are dependent on exports. Increasingly, Canada is developing as an exporter of manufactured goods and innovative services. In telecommunications, aerospace products and transportation, Canada is a world leader.

Through trade liberalization, we both preserve and create jobs, and enhance the prospects for Canadian companies to compete successfully worldwide. This is the proven strategy for growth and improvements in Canada's standard of living.

During the past decade, trade liberalization has helped Canada achieve an annual growth of 7 percent in international trade -- faster than the rate at which world trade has grown and in spite of a downturn in the world economy. In March of this year, the Canadian economy enjoyed its best monthly performance in two years. Canada's gross domestic product jumped by 0.7 percent, the largest monthly gain since April 1991. A few weeks ago, the Organization for Economic Co-operation and Development (OECD), predicted that Canada's economy will grow faster than any other major industrial country this year or next. As well, Canada is expected to lead the OECD for employment growth during this period. Clearly, Canada is on the right track.

Our economy is becoming stronger because of solid export performance in the manufacturing sector, particularly Canadian autos and high-tech equipment bound for U.S. markets. Some of this economic growth can be attributed to the Canada-United States Free Trade Agreement (FTA). Canadian exporters are more productive and competitive than they were before the FTA came into effect four years ago.

Canada's positive experience with the FTA helped us decide whether to enter into the NAFTA negotiations with the United States and Mexico in 1991. We could have stood back and let those countries sign a deal by themselves.

Such an agreement would have given a tremendous advantage to the United States by making it the only country with barrier-free access to all of North America. We couldn't let that happen. We had to be at the table.

Canada entered the NAFTA negotiations with three objectives. First, we wanted to improve upon the FTA while maintaining the benefits already achieved. Second, we wanted better access to the Mexican market. And third, we wanted to preserve Canada as a preferred location for investment. Today, two years later, I am proud to say that Canada achieved these objectives.

The NAFTA is a comprehensive agreement that improves and broadens the FTA to cover such areas as intellectual property protection and land transportation. The Agreement clarifies the rules of origin for products made in North America and improves customs operations. It also strengthens the FTA's dispute-settlement mechanism.

Under the NAFTA, Mexican tariffs, licensing requirements and other barriers will be eliminated. Canada will be able to rebalance its trade with Mexico, especially in the automotive sector. These improvements give Canadian businesses new opportunities in North American markets and place them on an equal footing with their American and Mexican competitors.

Investors now have more reasons than ever to set up operations in Canada. With secure, guaranteed access to the world's largest trading arrangement of 360 million consumers, investors can focus on the other advantages Canada offers, such as a highly skilled and highly educated work force.

But first the NAFTA must be ratified by Canada, the United States and Mexico. All three governments have pledged to implement the Agreement on January 1, 1994, and all three leaders have made it clear that the agreement to negotiate side agreements on the environment and labour does not entail reopening the NAFTA itself. Yet some critics have accused the Canadian government of moving too fast on the NAFTA legislation.

This is nonsense. The deal was signed last December and will go into effect next January. With an election coming in the fall, it is only prudent that Canada's Parliament should deal with the bill before the summer recess. Section 242 of the Canadian bill stipulates that the provisions of Canada's NAFTA law will not take effect unless and until the United States and Mexico have taken their own implementing actions.

Furthermore, it is important that our exporters be able to make plans with the full confidence that Canada will live up to its commitment.

I would urge the United States and Mexico to maintain the momentum for free trade and to support quick passage of the NAFTA legislation in their countries.

For the next few minutes I would like to address my comments specifically to the Americans in attendance today. Some of you may be worried that many of the benefits of the NAFTA will flow south from the United States into Mexico. Believe me, that argument is nothing new to Canadians. Several years ago, when we negotiated the FTA, there were many Canadians who predicted that all the growth in trade and jobs would flow from Canada into the United States and that Canada was finished as a country. Well, they were wrong.

Canada's merchandise exports to the United States since 1988 are up 19 percent. The Canadian merchandise-trade surplus with the United States rose 27.3 percent last year over the previous year, reaching \$17.7 billion in 1992. Canada's social and medical services remain intact. Canadian culture is alive and well. We have an effective mechanism to settle the trade disputes that are bound to arise from time to time in the world's largest two-way trading relationship, a relationship worth \$287 billion in 1992. But if the FTA has worked for Canada, it has not been at the expense of the United States. U.S. merchandise exports to Canada are up 18 percent since 1988, and the United States continues to enjoy a current account surplus with Canada.

Simply put, free trade expands trade. The FTA has been a win-win situation for both countries.

The NAFTA opponents, like the FTA critics before them, argue from a false premise: they think that removing walls that protect and segregate markets will harm workers, while leaving walls up will safeguard workers. The new reality is that competition is unavoidable in North America. The NAFTA creates a framework of fair rules for competition. It promises a more gradual adjustment and greater stability than we would have otherwise.

I can assure you that the Government of Canada is, more than ever, convinced that the decision we made to enter into the FTA in 1989 was the right one. We believe that the NAFTA will build on the success of the FTA as well as widen its scope to include Mexico's fast growing economy.

Although the NAFTA is already the "greenest" trade agreement ever negotiated, we have before us the prospect of concluding side agreements that would result in unprecedented co-operation in environment and labour issues in North America.

Canada, in fact, played a leading role in negotiating strong environmental provisions in the NAFTA. We also advocated establishing a trilateral forum to explore labour issues.

In the current negotiations, we support a wide-ranging role for a North American Commission on the Environment, including the upward harmonization of national environmental standards. We want to promote sustainable development and stronger environmental co-operation among the NAFTA partners. And we favour increased co-operation on the development and enforcement of domestic environmental regulations.

However, Canada firmly believes that these negotiations must not jeopardize, in any way, the benefits to be gained from creating an integrated North American market.

The Government of the United States has proposed the imposition of trade sanctions in the event of violations of labour and environmental laws in any of the NAFTA signatory countries. Canada is fundamentally opposed to this use of trade sanctions. Trade sanctions create barriers to trade that the NAFTA was designed to eliminate. We did not negotiate the removal of trade barriers only to reintroduce them the next day. As Prime Minister Mulroney told a U.S. television interviewer recently, trade sanctions are contrary to the philosophy of free trade and would undermine the confidence that the NAFTA was intended to create. Canadians are not the only ones to view this proposal with alarm. Recently, seven major American industry associations, including the U.S. Chamber of Commerce, sent a letter of protest to U.S. Trade Representative Mickey Kantor. In it they said, "Any use of trade sanctions for non-enforcement of environmental or labour standards is unnecessary and would be counter-productive."

Canada remains confident that an effective agreement can be designed that would foster co-operation, not confrontation, as the three partners develop, improve and enforce their environmental and labour laws and regulations.

These side agreements could affect more than just Canada, the United States and Mexico. Once the Agreement comes into force, applications for membership from other countries are anticipated. It is the intent of Canada that any country joining the NAFTA would also have to abide by the provisions of the side agreements. Once negotiated, these side agreements will have a lasting effect. We must get them right.

Even before the NAFTA is implemented, other countries, such as Chile, recognize the potential benefits of the Agreement and are eager to take part. The NAFTA is not an exclusive club. Nor is it intended to raise barriers against other nations. I can tell you today that Canada would view an application from Chile with favour.

Chile has already demonstrated its commitment to open markets and freer trade by liberalizing its trade and investment environment and by entering into free trade agreements with Mexico and Venezuela. Other countries too are making significant economic and political reforms. As a result, they are becoming increasingly attractive for investment, joint ventures, technology transfer and other commercial activities.

To our Latin American friends here today, let me say that, in Canada's view, we do not have to wait for the NAFTA to further strengthen our trade and investment links with the economies of Latin America.

In fact, Canadian companies began to explore bilateral trade opportunities with Mexico long before the NAFTA negotiations were completed. In January 1992, I attended Canada Expo '92 in Monterrey, where more than 200 Canadian exhibitors attracted some \$70 million in prospective business and identified potential joint ventures worth an estimated \$20 million. Earlier this year, I had the pleasure of opening a Canadian trade office in Monterrey to cope with the growing business interest.

During my visits to Venezuela, Chile and Argentina in recent months, I have seen first-hand the tremendous potential for closer and better commercial partnerships.

In Caracas, in January, I had the honour of opening Canada Expo '93, the largest Canadian trade event ever held in South America.

Representatives of more than 50 top Canadian firms accompanied me to Chile and Argentina in April. Companies in Chile and Canada are now involved in more than 30 joint ventures covering a broad spectrum of economic activity. Canadian investment in Argentina is rising, particularly in the petroleum sector, where Canada is providing expertise in natural gas distribution systems and pipeline management.

Our countries have only begun to tap the great potential that exists for expanded trade and economic co-operation. I believe it is in all our interests to work together for greater prosperity throughout the Americas. The NAFTA is an important part of that quest. Thank you for your attention. Now I welcome your questions.

Statement

Minister for
International
Trade

Déclaration

Ministre du
Commerce
étranger

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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY

THE HONOURABLE TOM HOCKIN,

MINISTER FOR INTERNATIONAL TRADE,

ON THE SUCCESSFUL CONCLUSION OF THE NEGOTIATIONS

FOR THE NORTH AMERICAN AGREEMENTS

ON LABOUR AND ENVIRONMENTAL CO-OPERATION

OTTAWA, Ontario
August 13, 1993



I am pleased to announce today that Canada, the United States and Mexico concluded last night two important agreements that will strengthen the co-operation among our three countries.

These agreements will enhance the protection of the North American environment and contribute to the maintenance and improvement of working conditions in the North American workplace.

They will also complement the stronger trading relationship already negotiated in the North American Free Trade Agreement (NAFTA).

The NAFTA, as signed last December, already recognizes the three partners' commitment to high labour standards and already contains important environment provisions that go beyond any previous trade agreement.

But the agreements we have reached today will strengthen and extend that commitment.

The preservation and the improvement of our North American land, water and air, and the protection and conservation of our plant and animal life, are absolutely essential to our future well-being.

All three partners recognized that no country can afford to build its industrial base on a foundation of polluting factories, in a short-sighted attempt to get a quick competitive advantage over others.

Such behaviour is in nobody's interest. Hurting the environment and wasting resources hurts the economy and shackles future growth.

Canada, Mexico and the United States know that. The North American Agreement on Environmental Co-operation that we have negotiated is a pledge of our strong commitment to environmentally sustainable growth.

This agreement provides the positive assurance that the three NAFTA partners will enforce their environmental laws. Through this accord, we confirm a compact with our own citizens to maintain an environment that is clean, healthy and abundant.

The NAFTA partners also realized the importance of improving quality working conditions and good labour-management relations as our economies expand under the trade agreement.

Economic growth for its own sake, growth that loses sight of the human dimension of the workplace, fails to recognize that people -- their knowledge, skills and experience -- are our greatest wealth.

The North American Agreement on Labour Co-operation embodies a solemn promise to uphold and rigorously apply laws on unsafe workplaces, exploitative hours, sex discrimination or any other device that would take unfair advantage of North American working men and women, or their children.

I know that Canadians want all North American workers to enjoy the highest labour standards, the best working conditions and the fullest freedom of association.

The Agreement is a firm commitment that Canada, Mexico and the United States will work together so that their workers receive the full benefit of their labour laws.

We agreed early on that, to be effective, these agreements had to contain measures to ensure enforcement of our environmental and labour laws.

They contain such measures. But let me make clear, here and now: Under these agreements, Canada will never be subject to trade sanctions.

When governments do not enforce their laws, they would pay fines into a fund to improve environmental and labour conditions.

Canadian courts would be responsible for imposing any penalties levied against Canada.

Mexico and the United States chose a different form of penalty. Their failure to enforce their laws subjects them to a suspension of NAFTA benefits, including a duty or tariff. In other words, a trade sanction.

We negotiated the NAFTA to knock down trade barriers. Under this agreement there will be no new trade barriers -- barriers that, we believed, would have handed a weapon to protectionist interests to undermine the benefits of free trade.

In the end, the most powerful mechanism for enforcing these agreements is our commitment to listen to each other's views, examine issues of concern and correct problems as they arise. The co-operative process outlined here will be the strongest guarantee of the proper application of our labour and environmental laws.

In Canada, the federal government shares responsibility for the environment with the provinces, and about 90 percent of the labour force is within their jurisdiction. This made the involvement and co-operation of the provinces vital throughout the negotiations.

Through consultations, we developed a co-operative framework that will permit the provinces to commit themselves to these agreements. It is our hope and expectation that they will choose to participate.

It is clear that all the provinces have an interest in seeing the labour and environment agreements work. Their participation will add an important dimension to the North American partnership.

The NAFTA and these side agreements represent a constructive model of countries working together for a cleaner, healthier and more prosperous world.

All Canadians have a stake in protecting the North American environment and contributing to good working conditions for all North Americans, now and in the future.

The new path of co-operation on which we embark today was made possible by the NAFTA itself. The trade agreement was the catalyst for these agreements.

I am proud of Canada's accomplishments at the bargaining table.

As with the NAFTA itself, I am proud to recommend these groundbreaking environment and labour agreements to the people of Canada.

Statement

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Minister for
International
Trade

Déclaration

Ministre du
Commerce
étranger

93/54

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE TOM HOCKIN,
MINISTER FOR INTERNATIONAL TRADE,
FOLLOWING THE
SIGNING OF THE LEGAL TEXTS OF THE NORTH AMERICAN
ENVIRONMENT AND LABOUR SIDE AGREEMENTS

OTTAWA, Ontario
September 14, 1993

Canada

Affaires étrangères et
Commerce extérieur Canada
External Affairs and
International Trade Canada

By creating opportunities in which Canadians can export the goods and services they produce, the stage is set for growth and jobs.

For Canada, the NAFTA [North American Free Trade Agreement] will mean better access to the U.S. market, a stronger dispute settlement process, and an important opening to the Mexican market -- a growing market of 85 million people, which has been largely protected by high tariffs and other barriers.

Thanks in large measure to the Canada-U.S. Free Trade Agreement, Canada's merchandise exports to the U.S. surged to an all-time record high of \$122.3 billion last year. That kind of growth translates directly into jobs for Canadians. The NAFTA builds on that success, contributing to the growth our economy needs to get deficits and debt under control.

In anticipation of the NAFTA's entry into force, Canadian companies are already gearing up to export their goods and services, and that means more jobs for Canadians.

A couple of facts worthy of note about our trade with Mexico: First, 80 percent of Mexican goods enter Canada tariff-free. Second, most Canadian goods entering Mexico face tariffs as high as 20 percent, along with other government restrictions that severely limit opportunities for Canadian exporters in the Mexican market. The NAFTA will change that. The NAFTA and its side agreements help create a level playing field. The agreement will create vast new opportunities for Canadian business and Canadian workers in a continental market of 360 million people -- the world's largest market.

For these reasons, I am pleased to announce that Prime Minister Kim Campbell has this morning signed the North American Agreement on Environmental Co-operation and the North American Agreement on Labour Co-operation.

These documents give legal form to the precedent-setting agreements we reached with the United States and Mexico on August 13. They create the framework for a new era of constructive co-operation on issues of vital interest to all citizens of our three countries.

In the North American Free Trade Agreement we pledged to protect and promote the rights of workers and to improve the environment. The co-operative and enforcement measures contained in the two agreements signed today have met our goals. These legal texts effectively protect Canadian labour standards and further ensure a continental respect for the environment.

Throughout the negotiations there has been close co-operation with provinces, which now have the opportunity to become participants in the implementation of the two agreements. The next step is to develop formal understandings with the provinces

wishing to take on the obligations and enjoy the benefits of the agreements.

While the NAFTA sets the stage for economic growth through exports, the two agreements signed today help to ensure that this growth will not come at the expense of workers' rights or the environment. They are important parts of a positive, future-oriented approach to growth, sustainable development, and human dignity.

Thank you.

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/55

AS DELIVERED

A STATEMENT BY
THE HONOURABLE PERRIN BEATTY,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
FOLLOWING THE SIGNING OF THE PEACE AGREEMENT
BETWEEN
ISRAEL AND THE PALESTINE LIBERATION ORGANIZATION



WASHINGTON, D.C.
September 13, 1993

Government
Publications

Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

What seemed unthinkable in the past is today reality. The signing of the peace agreement between Israel and the Palestine Liberation Organization [PLO] is a truly historic development in the course of Middle East relations.

What we are seeing represents the triumph of trust over cynicism in this war-torn region. I congratulate the Israeli government and the leadership of the PLO for their keen understanding of what is best for their people. Their courageous actions have resulted in measures that have opened up prospects for hope and peace throughout the Middle East.

Canada's attendance at the ceremony, as one of only twelve countries invited at the foreign ministerial level, reflects the credentials we have earned over the past 45 years through our commitment to the Middle East and our having consistently kept the door open to all parties in the region.

We are also here because this breakthrough agreement is an outcome of the multilateral negotiations and the networking they facilitated, in which Canada played a substantial role as gavel of Working Group on Refugees.

Many of my predecessors, such as Lester Pearson and Joe Clark, strived tirelessly in the cause of Middle East peace. I am here to witness the fruition of their efforts as well.

Peacekeeping, balanced diplomacy in the region, and bilateral and multilateral assistance have been our trademarks in keeping the peace in the region, and they have worked. From this historic day, we must now shift our focus to efforts that will build and sustain the peace.

Our priority now is to support the new institutions and frameworks envisioned in this agreement on Palestinian autonomy. This will entail substantial and significant contributions within our means. Canada intends to be present.

Much needs to be done in the coming months, in the transition to autonomy, in the lead up to elections next year and in the longer term. Efforts must now focus on specific projects to make a difference in the lives of the people of Gaza and the West Bank, and to help create the infrastructure needed to empower the emerging Palestinian institutions.

Years of active Canadian presence in the Occupied Territories and two years of multilateral negotiations have taught us that we must assist the Palestinians to take their future into their own hands. As their new institutions emerge we need to discuss with them how best to do this in accordance with their own priorities.

To prepare for this, at my request, officials at CIDA [the Canadian International Development Agency] and External Affairs [External Affairs and International Trade Canada], along with

outside academics from all parts of Canada, have been brainstorming to identify the best means for Canada to provide tangible and timely assistance for the success of Palestinian autonomy. I expect specific and considered recommendations within the coming weeks.

Among the areas we have identified is assistance in the organization of next spring's elections. Canada has been approached on the subject in the past and I will be conveying our availability.

Similarly, Canada will be looking at a possible role in support of any international monitors to oversee the implementation of the agreement.

We shall also concentrate on enhancing Palestinian capabilities by providing the training required at various levels to set up effective, responsible public institutions. Here again, we would operate along the lines of the priorities indicated by the Palestinians themselves.

Canadians have respected institutions, private and public, federal, provincial and municipal, such as Statistics Canada, Elections Canada, the International Development Research Centre, the RCMP, and others which could provide invaluable assistance to emerging Palestinian institutions.

One practical way to ensure effective delivery of our assistance in co-operation with emerging Palestinian institutions may be to establish a local aid office, perhaps in Gaza. Subject to required consultations, we intend to proceed.

All of these efforts, combined with those of our international partners and NGOs [non-government organizations] will be needed to build a lasting peace in the Middle East. But let me caution that this truly historic achievement is only a beginning.

Many obstacles remain in achieving an overall and enduring peace for the Middle East. Canada will continue to work with all the parties to build on the opportunity created by this achievement, in order to obtain similar success in the other areas of the peace process.

In so doing, we must be sensitive to the concerns of Syria, Lebanon and Jordan, who have also to conclude with Israel the kind of agreement signed today.

As part of our continuing efforts to engage the parties in the multilateral peace talks, I might add that Canada is hosting in Sydney, Nova Scotia, a Confidence Building Seminar as part of the Arms Control and Regional Security Working Group; it began yesterday and will end tomorrow.

I want to note that Canada will continue its active participation in the peace process, especially in the multilateral negotiations as gavel for the Working Group on Refugees, which will meet in Tunis from October 12 to 14.

Much of our future effort will remain concentrated in that group which, perhaps more than any other of the multilateral groups, deals with the human dimension of family separation among Palestinians and unemployment in the camps.

Critical to the significance of today's agreement is the hope it has generated among relatives and friends to be able to see one another again, and that economic activity from peace will create jobs.

What many thought was unimaginable has occurred today; and now the support needed to sustain the peace may seem equally daunting. We intend to help meet the challenge.

Statement

Secretary of
State for
External Affairs

Déclaration

Secrétaire d'État
aux Affaires
extérieures

93/56

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS BY
THE HONOURABLE PERRIN BEATTY,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
TO THE
CANADA-U.S. BUSINESS ASSOCIATION

TORONTO, Ontario
September 10, 1993

I want to spend most of my time today talking about trade and about breaking down the barriers that impede our business community. However, let me start with some more general comments about three very positive recent developments in the relationship between our two countries.

The first is the appointment of James Blanchard as Ambassador to Canada. He is an impressive choice. By naming such a high profile and well-qualified Ambassador, President Clinton has highlighted the importance he places on the Canada-U.S. relationship.

The second development grew out of Prime Minister Campbell's meeting with the President at the recent G-7 [group of seven leading industrialized countries] Summit in Tokyo, which I was privileged to attend. The Prime Minister asked that the President designate senior White House officials to oversee our bilateral relationship, particularly on trade and economic matters. We are very pleased by how quickly and fully he has responded.

Finally, I was impressed as well when President Clinton demonstrated that he understood what Prime Minister Campbell meant when she explained why we are determined to protect and support Canada's culture.

We are each other's best friend and best customer. We often face shared challenges, whether in protecting the common environment or promoting peace and freedom around the world. We will continue to be resolute allies and partners.

But we are also separate countries with our own histories and our own priorities for the future. Whether it's in diplomacy or in the arts or in business, Canada's voice is strongest when it is a truly Canadian voice that expresses our history, our traditions, our values, and our dreams. It must be so much more than simply an echo of someone else. Simply put, Canadian cultural products are for sale, but Canada's culture is not.

People who are secure in their identities don't feel threatened about working closely with others. They know that strong and healthy partnerships benefit both partners.

There is nothing flashy or extraordinary about our good relations with our neighbours to the south. It is not the stuff of legend or history. But it is good news for people like you, because it means you can go about your business in a stable, predictable and open environment.

At a time when the international economy is struggling to get all cylinders going, that's good news for people on both sides of the border.

Our interest in building a strong relationship with the United States has not made us one-dimensional. In fact, it has been a factor in spurring us on to build bridges to every other region in the world.

It is no coincidence that Canada has been a leading member of the United Nations, the General Agreement on Tariffs and Trade, the Commonwealth, La Francophonie, and the G-7, as well as the OAS [Organization of American States].

Arthur Meighen, a former Canadian Prime Minister, once described Canada-U.S. relations in the following way:

We are not in the same boat, but we are pretty much in the same waters.

What are those waters?

They are the ebb and flow of over \$260 billion worth of goods and services across our borders every year -- the largest bilateral trading relationship in the world.

They are the ebb and flow between our countries of millions of business people, academics, entertainers, scientists, and artists of all kinds every year.

They are the ebb and flow, on a massive scale, of information and technology between institutions, businesses, schools, hospitals and individuals.

They are the ebb and flow of billions of dollars worth of investment and technology to build plants, launch joint ventures, develop infrastructures, support research and promote greater economic activity.

And, there is the ebb and flow of the global waters through which both our countries must navigate -- shared challenges such as peace and security, environmental degradation, mass migrations of people, the proliferation of weapons of mass destruction, the resurgence of destructive forms of nationalism and inter-ethnic rivalries.

These issues and more demand not only careful attention, but constant and effective management.

No two countries in the world have a greater stake in each other's well-being than Canada and the United States. For our businesses, it means trade; for our people, it means jobs.

Happily, no two countries have done a better job of managing their relationship.

In more than any other area, the relationship has thrived in trade. This didn't just start last year with the NAFTA [North American Free Trade Agreement], or five years ago with the Canada-U.S. Free Trade Agreement [FTA].

For example, in the midst of worldwide depression in 1935, Canada and the United States negotiated an unprecedented bilateral trade agreement to lower tariff barriers on a wide range of products, an agreement that was expanded in 1938. While other nations were still putting up barriers, we were working to find ways to bring them down.

The same spirit lived on to inspire more recent accomplishments, such as the Auto Pact in 1965, and the Canada-U.S. Free Trade Agreement in 1988.

If you'll allow me to offer a personal opinion, I am always disappointed with politicians who talk about all the job losses they say were caused by the Free Trade Agreement. This sort of unbelievable claim isn't just sad because it's untrue. It is sad because it makes light of the real forces that have caused suffering to so many people.

The recession caused tremendous pain in both Canada and the United States, as it has in each of the western industrialized countries. There are few tragedies greater than seeing a talented, conscientious person who wants to work, but loses the opportunity because of forces he or she can't control.

Many people have been lucky enough to avoid this experience, but there are very few who have not shared the pain of a relative, friend, neighbour or colleague who loses a job. It reminds us that a recession is more than just a term bandied about by economists; behind the word there are human faces, and a human cost.

Blaming free trade for this tragedy might score a few political points. And yes, it might fool a few people. But it does nothing to address the real problems. It's easy to raise false hopes. It's tougher, but more productive, to focus on restoring real hope.

Here is one way to start: it's time to debunk the myths about free trade.

Myth number one: Canada has been a loser under free trade with the United States.

Last fall, the C.D. Howe Institute released a detailed study that showed Canada's exports of goods and services have thrived in most sectors that were liberalized under the FTA -- even during the recession.

And, where has Canada gained most? In exports of non-resource-based, high value-added manufacturing products, the areas that are crucial to future growth.

Myth number two: Canadian companies and Canadian workers have been hurt by free trade.

Let's look at two examples, such as GSW Inc., a company that produces water heaters, heating products, pumps and thermoplastics in my home town of Fergus, Ontario. I have a personal interest in this company since it is the successor to Beatty Brothers, Ltd., a business that my great-grandfather and his brother founded over a hundred years ago.

The total volume of sales of GSW's five operating companies increased in 1992 by 14 percent to reach \$166.3 million. Its sales to the United States, some \$52 million worth in 1992, were 29 percent higher than the previous year.

For a town like Fergus, that means more and better jobs for its people, greater economic activity throughout the community, and a more prosperous and secure future.

GSW is not an isolated success story. It is one of hundreds of examples of Canadian companies whose performance pushed Canada's merchandise exports to the United States to an all-time record of \$121.2 billion in 1992, well over 13 percent higher than our exports in 1991.

Another example is RMT Engineering of Grimsby, Ontario, which has introduced new automation systems for material handling. As a result of its participation in a Canadian government-sponsored trade event in Chicago, RMT Engineering has received 200 serious inquiries, \$44 million in new orders, and extremely high interest from United Parcel Post, which could result in additional sales of some \$200 million.

Myth number three: there would be no further incentive for foreign companies to invest in the Canadian market.

The reality is that the FTA has been a boon to investment. In 1991, the net inflow of foreign direct investment reached \$7.5 billion. This was after a year during which we had attracted a record \$7.7 billion worth of net foreign direct investment. Compare this to the 1980-85 period, when there was a net outflow of some \$5.4 billion.

This new investment means jobs for people here in Canada and means more economic activity in communities across the country.

As the Royal Bank of Canada observed, this turnaround in investment performance "suggests that overseas investors see

Canada as an increasingly attractive base for their North American operations since the implementation of the Free Trade Agreement."

Myth number four: the FTA has done nothing to stop trade disputes between Canada and the United States.

Of course there have been disputes. That's nothing new. The difference is that one of the most important aspects of the Agreement, for Canada, is the mechanism it provided for fair and rational management of them when they occur.

Since 1989, Canada has requested panel reviews of 24 decisions by U.S. agencies. More than half of the completed panels resulted in favourable decisions for Canadian firms and businesses.

What recourse would those Canadian firms have had without the Free Trade Agreement? Only one: to appeal the decisions through expensive and time-consuming judicial processes in U.S. courts. These processes could drag on for as long as 10 years. Under the FTA, the maximum period is 18 months.

The bottom line is that the Free Trade Agreement clearly defined the rules of trade and provided the best possible guarantee for workers and jobs in industries that depend on trade. The recession was long, hard and painful, but its effects would have been more harsh and more cruel had it not been for the Free Trade Agreement.

Today, as we enter a period of new economic growth, we again look to trade as the means to secure Canada's lasting prosperity. This conviction led us to negotiate the North American Free Trade Agreement.

The NAFTA improves the FTA model in several important ways. It means:

- fairer and more predictable rules of origin, particularly with respect to North American content in the automotive trade;
- new customs procedures that will reduce risks of unilateral interpretation of the rules;
- expanded quotas to the United States for textiles and apparel;
- the inclusion of intellectual property rights and certain transportation services;

- a better opportunity to invest in Mexico's trucking industry and the phasing-out of barriers against moving cargo in and out of Mexico;
- a significant expansion of government procurement opportunities;
- easier temporary access to all three countries for business people; and
- greatly enhanced access to Mexico, one of the world's fastest growing markets.

There are other benefits, as well. The NAFTA strengthens our mechanisms for settling trade disputes, and the successful negotiation of the environment and labour side agreements is very welcome news for all three countries.

As a former Minister of Communications, I should also say a word about the cultural benefits of the NAFTA. I recently read an excellent article by Senator Bill Bradley, who made this observation:

Europeans increasingly equate nationality with ethnicity, with Bosnia only the most obvious example. But on this side of the Atlantic, none of the "New World" countries -- the United States, Mexico, Canada, Venezuela, Brazil -- use ethnicity to define what it means to be an American, a Mexican, a Canadian, a Venezuelan or a Brazilian. Enacting NAFTA will allow us to demonstrate once again that our societies are open enough and understanding enough to be able to grow culturally as well as economically and politically.

Every time governments show the courage to take a step toward freer trade, there are those who stand ready to cut down their efforts. Here in Canada, we can always count on a chorus of complaints from those who believe Canadian workers and Canadian management don't have what it takes to compete in the international marketplace.

You could say they belong to the Jurassic Park school of international trade and economics. Even now, as they cast their long shadows over the field of public debate, we hear the familiar grumbling about the dangers of free trade, the desire to return to another time, another age.

There is plenty of room for legitimate debate about the best way to achieve what we all want -- to find solutions to our economic problems, and to put every Canadian back to work. Canadians are anxious about their economic future.

They see economic change on a global scale, and they wonder how these changes will affect them. They're concerned about their jobs, about their families, and about the opportunities that await their children.

What I see is a real desire for honest talk, realistic proposals, and solutions to our problems. To pretend that we can retreat behind artificial walls and hide from change is not honest, nor realistic, nor viable.

A retreat to the past may be nostalgic. It may provide a brief, illusory sense of security, but in 1993 you can't successfully navigate the uncertain road ahead if you spend your time looking longingly into the rear-view mirror.

The North American Free Trade Agreement will lend powerful impetus to our safe passage along that road. The potential economic, social and environmental benefits for all three countries are enormous. As key members of the Canadian and U.S. business communities, I know you recognize the promise this Agreement offers for greater growth and for more dynamic markets in North America.

As Canadian business people have told me many times, you don't build either a successful business or a great country by trying to hide from the competition. If you believe in your product -- and in yourself -- you meet the competition head on. All you need is a clear set of rules and a referee who is fair and impartial.

Few industrialized countries depend more on international trade than Canada. Trade pushed back the frontiers on the northern half of the continent and it provides the greatest hope that our children can have the dignity and quality of life that come from gainful employment.

Those who believe in Canada know that our future depends on facing the reality of international trade, investment and technology, not on turning our backs to the world. The future belongs to those who have vision and courage, not to those who are short-sighted and timid.

That's the great difference you see when you talk to young Canadians today. They know who they are. They're not interested in old and sterile debates about who a Canadian is. They're confident of themselves and they're proud of their country. They know that they can compete with the best the world has to offer.

There is one message I want to leave with you today: there is simply no going back to the past. The only issue Canadians -- and Americans -- must decide is whether or not we are prepared to

take advantage of the opportunities that exist for our future prosperity.

The governments of Canada, the United States and Mexico are doing their share in removing the barriers to greater prosperity and a better quality of life. For our part, the Government of Canada will be there to open the door for you. But, in the final analysis, it's up to you to walk through that door and prove to the world that "Made in Canada" means the best quality for the best price.

Don't let anyone sell Canadian workers or Canadian entrepreneurs short. You have the vision, talent, energy and determination needed, not only to sustain our performance as one of the world's leading trading nations, but also to generate the wealth needed for one of the world's most compassionate and peaceful societies.

I know you won't let Canada down.

Statement

Minister for
International
Trade

Déclaration

Ministre du
Commerce
étranger

93/57

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS

BY THE HONOURABLE TOM HOCKIN,

MINISTER FOR INTERNATIONAL TRADE,

AT THE PRESENTATION OF THE

CANADA EXPORT AWARDS



VANCOUVER, B.C.
October 4, 1993

It's an exciting night for Canadian exporters -- a group to whom this nation owes much.

It's an exciting night for the Canadian Exporters' Association [CEA] -- your 50th anniversary celebration. May you have 50 more.

Of course, it's an exciting night for the 10 winners of this year's Canada Export Awards, and it's an exciting night for me.

I've spent most of my life in and around the business and export community, as an exporter, as an academic, and in government. I know how hard it is to step beyond the familiar, to reach out into export markets, to take risks -- win or lose. And I know how tremendously satisfying it is when you succeed. I'm delighted to help you celebrate that success here tonight, and congratulate you for it.

In the five months I've held the International Trade portfolio, I have been fortunate to participate in some moments of real accomplishment for Canada -- for example, when we struck a deal on market access with our Quad partners in Tokyo; when we finally resolved the beer dispute with the United States; and when we completed the NAFTA [North American Free Trade Agreement] side agreements on labour and environment.

Tonight I find myself at another high point in this portfolio, because in a few moments, I will have the honour of saluting some people who have earned special recognition for their creative efforts in selling Canadian goods, technology and services in foreign lands over the past year.

I feel I am presenting these Export Awards on behalf of all Canadians, because we all have a stake in your success.

As Prime Minister Campbell said on August 27, exports are our life line and our lifeblood. Drawing the direct connection between exports and their importance for all Canadians, she told it like it is: "The best job policy for Canada is a good trade policy."

When you consider that a quarter or more of Canadian jobs are directly related to exports, when you figure that each new billion dollars of exports generates around 15 000 jobs, it's clear why all Canadians have a stake in your export success.

And your success is a matter of record. Trade figures for the first six months of 1993 show our merchandise exports at \$87 billion -- up 15 percent from the same period in 1992; up 21 percent for our exports to the United States.

While we have done well, you and I know that as a nation, we haven't always been as bold and aggressive about exports as we could be -- as we need to be.

The fact is, fewer than 100 large Canadian companies account for 70 percent of our exports. We've got to do more to encourage small- and medium-sized businesses to look beyond our borders for new growth markets.

Now, government by itself can't put those potential new exporters into foreign markets, but what we can do is open doors and help them through. We can help them see the opportunities that exist for trade, not only in goods, but also in services, technology and investment. In particular, we are trying to encourage Canadian business to focus on the fast-growing markets of Asia and Latin America.

Let's look at Asia for a second: average growth rates of 5-6 percent; the ASEAN [Association of Southeast Asian Nations] "baby tigers" growing even faster; China's economy projected to be bigger than that of the U.S. by 2015, with a middle class of 350 million people.

Latin America has average national growth rates around 4 or 5 percent. Mexico, with a middle-income population of around 25 million, registered a 26-percent increase in imports last year alone.

Our role as a government is to encourage exports to these growth areas, through trade policy and market development. These are challenges we have never shied away from.

We took a leadership position in launching the Uruguay Round of multilateral trade negotiations in 1986, and we have continued to push for its completion. In 1989, we implemented the Canada-U.S. Free Trade Agreement (FTA) to improve our access to the market that buys more than 75 percent of our exports. Along with dropping tariff and non-tariff barriers, we negotiated a dispute settlement mechanism that ensures a fair and effective hearing when disputes arise.

Has the FTA succeeded? Last year, despite slow economic conditions, our merchandise exports to the U.S. hit a record \$122.3 billion; the growth trend has continued since January 1992. During the first seven months of 1993, our trade surplus with the U.S. was \$12.7 billion, up \$4.4 billion from the same period last year.

The C.D. Howe study released on September 16 shows that in sectors liberalized by the FTA, Canadian exports to the U.S. increased in value by an average of 33 percent between 1988 and 1992.

What's more, the growth was mainly in high-wage, high-tech, high value-added industries. To quote from the report, these are "industries crucial to Canada's economic future, and free trade

gives them an outlet for growth that no government-led industrial strategy could provide."

The North American Free Trade Agreement builds on the FTA by expanding our access to some U.S. markets, improving the dispute settlement process, and, of course, opening up the fast-growing Mexican market.

As exporters, I'm sure you appreciate the logic of signing a deal that gives us roughly the same kind of access south of the Rio Grande that Mexico enjoys in our market. It's just a question of righting the scales -- correcting a situation in which 80 percent of our exports are blocked by Mexican barriers, while 80 percent of their exports to Canada enter duty-free. We believe that by expanding our access to, and involvement in, the Mexican market, Canadian business will focus more clearly on Latin America as a whole.

To help explore the opportunities that exist for Canada in the region, Prime Minister Campbell also announced on August 27 that she will establish a Blue Ribbon Commission, made up of leaders from the business, academic and labour sectors, to report within six months on how Canadian business -- and Canadian jobs -- can be generated throughout the region.

As we head into the final stretch of GATT [General Agreement on Tariffs and Trade] negotiations in Geneva, we're looking at further openings in world markets, coupled with a strengthened set of trade rules.

With one quarter of our production exported, Canada needs a big, balanced result from the GATT negotiations. And, personally, I will continue to do all in my power to see that we succeed.

I have certainly been encouraged by the progress that's taken place since May, when Canada brought together trade ministers from the U.S., Japan, and the EC -- our Quad partners -- to restart the market access negotiations. This initiative, which led to the Tokyo interim market access agreement in July, effectively put the multilateral trade talks back on track.

With the GATT and the NAFTA, we will have a mutually reinforcing, outward-looking package of trade agreements. In the hands of people like you and our winners tonight, they will serve Canada well.

When Kim Campbell spoke in Toronto on August 27 she ventured even further, to propose closer trade relations with the most dynamic area in the world today -- the Asia-Pacific economic community. She will vigorously pursue that idea in November, at the Asia-Pacific Economic Co-operation forum in Seattle.

Where there's growth, where there are opportunities for Canada, that's where we -- government and industry -- have got to be.

That's the story behind the International Trade Business Plan. It ensures that the 17 federal departments and agencies involved in international business are working together, in partnership with the private sector, to identify and exploit market opportunities.

That's also the story behind the Access North America program. As you know, my predecessor, Michael Wilson, announced this \$27-million initiative in March. We've got some brochures with us here today that outline the program and how you can put it to work for you. I would like to spend a moment reviewing where we stand on implementation.

Today we're releasing a special edition of "Canada-Mexico Partnering for Success" -- an in-depth business guide, produced in co-operation with the private sector. A new series of sectoral studies will build on this in the next few months.

Your association is advancing the ball through a national series of seminars on the new business environment in North America, including practical advice on rules of origin, labelling, and customs.

The Forum for International Trade Training, with guidance and input from the CEA and others, is moving ahead with the GeoFITT Mexico, which in turn leads into International Trade Canada's NEWMEX missions to Mexico.

We've got 25 or 30 trade fairs and missions under development, including the biggest-ever Canadian solo trade show in Mexico -- Canada Expo Mexico City -- in March 1994. We expect more than 400 Canadian firms to be there, to get in on the ground floor of the dynamic Mexican market.

Our stepped-up efforts in Mexico and Asia are what I mean when I say we are targeting the growth markets of the future. We're also focussing on sectors that offer particular promise.

Take, for example, this year's ExportVision program -- a major component of International Trade Month. ExportVision brings 70 of our trade specialists from around the world into direct contact with companies from coast to coast. They will be focussing on five major sectors -- health-care products and services, industrial and electrical equipment and technology, mining equipment and services, fish, and agri-food.

That is targeted, demand-driven government in action.

ExportVision advances another major goal of International Trade Month -- carrying the export message to Canadians at large. To do this, we are sending trade officers, Export Award winners, and other successful exporters to some 30 communities across the country -- from Nanaimo to Corner Brook -- to meet with business groups, students and the media, and explain the importance of international trade to this country.

I think you and I would agree that the more Canadians understand the importance of trade and the more they believe that we can succeed in world markets, the better we will perform as a nation.

There's much more I would like to talk to you about this evening. But I hope I have set out my vision of where we stand and where we are going on the export front.

I'm talking about focussing on the growth markets of tomorrow -- Asia and Latin America -- expanding the definition of our backyard, looking beyond familiar markets in the United States and Europe.

And I am talking about a co-operative, co-ordinated, strategic partnership, one that puts the exporter clearly in the driver's seat.

A year from now, I'd like to come back and review how we've done, together, in this effort. It will be a special honour as we celebrate the 100th anniversary of the Trade Commissioner Service.

In conclusion, let me again congratulate this year's Canada Export Award winners, cheers to the CEA on its 50th anniversary, and thank you all for this opportunity to get together.

STATEMENT

93/58

AS DELIVERED

AN ADDRESS BY
HIS EXCELLENCY BENOÎT BOUCHARD,
HEAD OF THE CANADIAN DELEGATION,
AT THE OPENING SESSION
OF THE FIFTH FRANCOPHONE SUMMIT

MAURITIUS
October 16, 1993

Mr. Prime Minister of the Republic of Mauritius, Heads of State and Government, Heads of Delegation, Ladies and Gentlemen:

We are assembled today for the fifth Francophone Summit. Our surroundings are nothing short of wonderful.

The Right Honourable Kim Campbell, Prime Minister of Canada, regrets being unable to participate in this event in person, having been detained in Canada by our impending general election. Mr. Prime Minister, she has asked me to express Canada's sincere thanks to you, to your government and to your people for the warm reception you have extended to us, and her sincere wishes for the success of the Summit.

You may rest assured that Canada intends to show itself worthy of your hospitality and to work actively toward the success of the Mauritius Summit. We trust that la Francophonie, a truly multilateral entity toward which Canada, along with the participating governments of Quebec and New Brunswick, has shown generous and consistent dedication, will benefit from our presence here.

Our summits afford the opportunity both for happy reunions and for paying tribute to those who have paved the way. It is a great privilege to express thanks to our outgoing president for his invaluable contribution, particularly during the past two years. He made it possible to give substance to the Resolutions of Chaillot, thereby profoundly shaping la Francophonie as a dynamic community on the international scene. As the author and architect of the Francophone Summits, and as an active participant, twice in the capacity of host, in all our meetings since 1986 in Paris, President Mitterrand has personified the essential role played by France in building our community. We are deeply grateful to him.

Mr. Prime Minister, we left one another in Chaillot on a note of optimism. With the end of east-west antagonism, we saw the possibility of focussing resolutely on the need to promote democracy, human rights and development. In the Chaillot Declaration, these elements were brought together when we affirmed that there could be no development without freedom, and no true freedom without development.

In order to give substance to this declaration, we gave concrete support, within our means, to the process of democratization being initiated by a number of our states. This led to close co-operation, which enabled us, as a community, to speak with one voice at the United Nations Human Rights Conference in Vienna.

While we should be pleased with these actions, let us not fail to reaffirm that any country that refuses change and balks at following the most elementary principles of due process, will be met with disfavour until the unacceptable situation is remedied.

In this regard, Canada unreservedly condemns those who persist in obstructing democracy in Haiti, and reiterates its full support for President Jean-Bertrand Aristide.

Canada shares with Mauritius the privilege of being a bilingual and multicultural country. Consequently, you will understand that Canada attaches great importance to the theme of unity in diversity.

The Mauritius Summit invites us to follow in the footsteps of Chaillot, emphasizing the stabilizing, enriching influence of minorities, be they ethnic, cultural, linguistic or religious.

The multiplicity of local conflicts arising from nationalistic tendencies tragically illustrates just how much failure to respect human rights or to ensure fundamental freedoms jeopardizes the stability and security of many of the world's regions.

Children are often the very first victims of these sad situations because of their particular vulnerability to conflict, poverty and famine. Canada saw the Conference of Ministers Responsible for Children in Dakar as an encouraging sign that the international Francophone community was mobilizing to assist children. Canada promised to be closely involved in the 10-year action plan adopted at the conference.

Mr. Prime Minister, Canada will make a financial commitment toward implementing concrete measures resulting from this conference. On the one hand, we aim to improve educational systems and training for young people; on the other, we aim to promote functional literacy among women to combat discrimination against them in education and to prepare them better for their role as educators and catalysts of development.

Beyond the resolutions that we will adopt here in Mauritius, Canada earnestly hopes that this summit will mark the beginning of a thorough examination of the international role that la Francophonie can and must play in establishing greater political and economic stability. Our community must answer the urgent appeal issued in his "Agenda for Peace" by the Secretary-General of the United Nations, Mr. Boutros Boutros-Ghali, a veteran of our summits, whose presence among us I am, in turn, pleased to acknowledge.

In the same vein, Canada will continue to seek the Francophone community's support for the non-proliferation of weapons, including the indefinite extension of the Treaty on the Non-proliferation of Nuclear Weapons.

Mr. Prime Minister, we have said, "no true freedom without development." This is the meaning that must be given to

"Democracy and Development," the other theme of the Mauritius Summit. Not that the Francophone community has remained idle in the area of development -- far from it. Our solidarity has been expressed for more than two decades by implementing a wide range of successful co-operative programs in the areas of culture, the environment, education, communications, economic and democratic development, and respect for human rights.

The Mauritius Summit challenges us to do more and better. In macroeconomic terms, Canada and the other member countries of la Francophonie are dedicated to the economic development of the countries of the South. Our solidarity must also be expressed by developing tools for economic growth at the grass-roots level, promoting the mobilization of savings by establishing savings co-operatives and credit unions, and developing partnerships to create small- and medium-sized businesses.

To this end, in the coming months, Canada will develop a program designed to strengthen associations in the countries of la Francophonie, which will represent the interests of the private sector, such as business groups, encouraging the formation of partnerships, especially with their Canadian counterparts.

Freedom and development are formidable challenges that la Francophonie will be able to meet only through joint action. As a member of the Commonwealth, the Organization of American States and la Francophonie, Canada attaches particular importance to the principle of multilateralism, which alone ensures genuine dialogue among nations.

This approach favouring truly multilateral effort in design and implementation of our actions is, moreover, perfectly embodied by the Secretary-General of the United Nations. His numerous recent initiatives are consistent in every respect with the objectives of our community. I can assure him that Canada will join the other member countries of la Francophonie in working with enthusiasm and determination to make a meaningful contribution to the development of his draft "Agenda for Development."

La Francophonie is progressing as a forum for dialogue and as a community sharing the same language and values. Its institutions are the manifestation of its vitality. They are the indispensable tools by which our words are translated into action. It is up to us to guide these institutions and show them the way. We owe it to the men and women in whom la Francophonie has inspired hope. Thank you.

Statement

CD
EA

Minister for
International
Trade

Déclaration

Ministre du
Commerce
étranger

93/59

AS DELIVERED

AN ADDRESS BY
THE HONOURABLE TOM HOCKIN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CANADA-JAPAN INDUSTRIAL CO-OPERATION FORUM
INAUGURAL MEETING

City of Toronto

TORONTO, Ontario
October 19, 1993

Canada

External Affairs and
International Trade Canada
Affaires étrangères et
Commerce extérieur Canada

Thank you Mr. Toyoshima.¹

For the past several weeks I've been talking to Canadians from every walk of life -- talking about their hopes and fears, their ambitions, their concerns. From what I have seen and heard, it is clear to me that Canadians understand that we need to remain competitive, confident citizens of the modern world. We understand, fundamentally, that we have got to be in the global game; that our future depends on it.

That's what brings me here this evening. I wanted to join you for this inaugural meeting of the ICF [Canada-Japan Industrial Co-operation Forum] because I believe the forum can play an important role in forging mutually beneficial partnerships between Canadian and Japanese firms. These partnerships, in all three areas of industrial co-operation -- trade, investment and technology -- will help us both cope better with the global marketplace.

I am also glad to support this fledgling organization because it is built on the concept of private-sector-led co-operation. We are talking about a partnership between Japanese business, as guided by the Japan External Trade Organization [JETRO], and Canadian business, as represented by the Canadian Chamber of Commerce, the Canadian Manufacturers' Association and the Canadian Exporters' Association.

By bringing Canadian and Japanese business people together, the forum sets the stage for co-operation and growth.

I hardly need to tell anyone here tonight about how important Japan is to Canada.

- It is our second-biggest export market. Last year Canadian merchandise exports amounted to over \$7.4 billion. This year, according to a recent projection by my department, we should hit \$8.4 billion!
- Japan is our third-largest source of foreign direct investment, currently about \$7.2 billion, creating thousands of Canadian jobs and introducing exciting new technology and management techniques.
- It is our second-largest source of portfolio investment -- about \$54 billion worth, at last count.
- Japan is also our largest overseas source of tourism revenue, running at about \$434 million a year.

¹ Chairman, Japan External Trade Organization

And Japan's importance to Canada extends far beyond those figures. The reason is clear: Japan is at the centre of the most dynamic region on earth -- Asia-Pacific.

With a population nearing two billion, an aggregate gross national income twice that of the European Community and growing rapidly, and as the source of nearly 30 percent of global trade, the Asia-Pacific region has become an economic powerhouse of vital importance to the world and to Canada.

Japan is at the heart of this region, and that's why it is so important for Canada to have a close working relationship with that country.

The challenge we face with respect to Japan -- how to maintain and expand our economic, industrial, and cultural links during a period of rapid change -- is the same challenge we face for the entire Asia-Pacific region. And it is a challenge that the Industrial Co-operation Forum will help us to meet.

I think we know what the challenges are for Canada in building its links with Japan. They were well articulated in the Canada-Japan Forum 2000 report presented to the Japanese and Canadian prime ministers by the co-chairmen, Mr. Yoshio Okawara and the Honourable Peter Lougheed, last December.

Let me quote just one paragraph from that report, which gets at the root of the challenge both sides need to address:

We believe that co-operation potential far exceeds what actually exists, and has perhaps been inhibited by outdated stereotypes of our two countries.... Neither stereotype acknowledges the way in which the Japanese economy is evolving or the existence in Canada of intellectual and entrepreneurial resources capable of high levels of value-added on commercial technology-based activities.

I am happy to say that even in the 10 months since that report was written, much has been done to break down those stereotypes, to strengthen our mutual understanding and co-operation.

On the trade side, the key development, of course, has been the development of a Canadian Action Plan for Japan, launched in May of this year by my predecessor, Michael Wilson. We have brought copies of it here today.

The Action Plan recognizes that while Canadians must maintain our traditional exports to Japan -- lumber, coal, wood pulp, copper ore, and bulk foods -- future growth and development will depend on how well we adapt to the new demands of the Japanese market for value-added products.

With that in mind, the private sector, working in partnership with the federal and provincial governments, has developed action plans in seven priority sectors: processed foods, tourism, information technology, auto parts, forest and building products, aerospace, and fisheries products.

There is a lot happening in each of these sectors, from seminars to trade shows to incoming and outgoing missions.

One such mission I was particularly glad to see was the Japanese Ministry of Transport Tourism Mission to Canada. In my previous incarnation as Tourism Minister, I pushed hard for Japan to choose Canada as a site for this prestigious mission, and I was pleased to have succeeded. The group toured Eastern and Atlantic Canada, and met with Canadian tourism industry leaders in Montreal on September 21.

At that Montreal meeting, the two sides set some extremely exciting targets: to triple the number of Japanese visits to Canada from the current rate of about 500 000 to 1.5 million, and to raise the number of Canadian visitors to Japan from the current level of 60 000 to 500 000. To attain those goals will not only bring benefits to our respective tourist industries, but will also help build mutual understanding -- dissolving those stereotypes that I mentioned earlier -- while increasing investment and trade.

Let me single out one more example of the kind of partnership-building that is taking place between our two countries: the Japan Manufacturing Engineer Exchange.

One week ago, seven Canadian engineers started a three-month course in Japanese language and culture. After that, they will go to Japan and work on the shop floor at leading manufacturing companies for up to one year before returning to their Canadian operations. The knowledge and contacts -- and I'm talking about business-to-business contacts -- they bring back will, I'm sure, spin off into exciting new developments down the road.

Many Canadians have already made that journey, and the fruits of their efforts are clear not only in our strong trade and investment figures, but also in individual success stories.

I'm thinking of stories like Murphy Aviation, in Chilliwack, B.C., and their agreement with a group of Japanese business people to produce 50 new ultra-light aircraft specifically designed for the Japanese market.

I'm thinking of the KAO Infosystems decision to invest another \$30 million in their Arnprior, Ontario, computer diskette facility, quadrupling production.

I'm thinking of Smart Technologies of Calgary, and the distribution arrangement they struck with Suzucom, a partnership that has given Smart Technologies access to the Nippon Telephone and Telegraph Company -- Japan's largest firm.

Just a few weeks ago there was the welcome announcement that Toyota will put up a \$30-million engine factory in Cambridge, Ontario, building on the success they've experienced with their Corolla assembly plant.

There's Northern Telecom, Dare Foods, Labatts, and Kaufman Footwear -- the list goes on and on. And I certainly hope that through the efforts of the Industrial Co-operation Forum, it gets longer and longer. As Messrs. Okawara and Lougheed said in their report: "Almost any sector where products can be custom-designed to fit Japanese needs will find a market."

The trick is to alert Canadian firms to the opportunities, adapt our products to Japanese requirements, and promote them to our advantage. As I said earlier, I believe that process is well under way. Through your efforts and the efforts of Canadians from coast to coast, I am sure we will see the bilateral relationship develop to our mutual advantage in the years to come.

Thank you.

Statement

Minister for
International
Trade

93/60

Déclaration

Ministre du
Commerce
étranger

AS DELIVERED

AN ADDRESS BY
THE HONOURABLE TOM HOCKIN,
MINISTER FOR INTERNATIONAL TRADE,
TO
EXPORTVISION '93

WATERLOO, Ontario
October 21, 1993

Good afternoon, Ladies and Gentlemen:

It is a pleasure for me to be here with you today as you launch Canada's Technology Triangle Export Network. I salute the efforts of the Laurier Trade Development Centre to enhance the international competitiveness of Canadian business.

If imitation is the sincerest form of flattery, then my department is flattered indeed that you named your conference ExportVision '93. ExportVision is also the name of the federal government's trade development program, which is designed to help Canadian exporters gain new markets for their products and services.

This annual initiative, which is currently under way in 45 cities across the country, is a featured event of Canadian International Trade Month. Much as you are doing today, 70 trade officers from External Affairs and International Trade Canada in Ottawa and abroad are meeting face-to-face with exporters and potential exporters to discuss market opportunities. They are exchanging information, knowledge and experience -- the skills and know-how it takes to become successful exporters.

Trade has been the focus of most of my thinking and acting for the past 15 years, long before I became Minister for International Trade.

In fact, I trained in international trade for my Harvard PhD. I ran an import-export business. And I had the challenge of a lifetime when in 1986, as Minister of State for Finance, I was asked to be the Government of Canada's negotiator at the launch of the Uruguay Round of multilateral trade negotiations.

Believe me, I understand what it takes to export successfully. That is why I applaud your efforts to create a network to share information and trade practical experiences. Today, I want to add to that learning curve by telling you a bit about what your federal government is doing in the fields of trade policy and export promotion for Canada.

We have vigorously pursued our trade objectives for one simple reason: exports mean jobs for Canadians. Prime Minister Campbell put it best when she said in Toronto on August 27, "The best job policy for Canada is a good trade policy."

Since becoming the Minister for International Trade five months ago, I can say with pride we have made some real achievements in securing our future as a trading nation. In Tokyo with our quadrilateral trade partners -- the U.S., Japan and the European Community -- we struck a deal on market access for industrial goods. We are now building on that deal in Geneva in order to get a bigger package.

As well, we finally resolved the beer dispute with the United States. And we completed the environment and labour side agreements to the North American Free Trade Agreement [NAFTA].

Exports are the engine of growth in our economy, and they continue to lead Canada out of the global economic recession of recent years. In the first six months of this year, our merchandise exports were \$87 billion -- up 15 percent from the same period in 1992. These figures take on added meaning when you consider that each billion dollars of new exports generates about 15 000 jobs.

Let there be no doubt about the benefits Canada has gained from the Canada-U.S. Free Trade Agreement [FTA]. The trade figures provide ample evidence. For example, our merchandise exports to the U.S. hit a record \$122.3 billion last year, despite slow economic conditions.

The trend continues this year. To the end of August, our trade surplus with the U.S. was \$14.2 billion. That's 41.8 percent higher than the same period last year.

A recent study by the C.D. Howe Institute illustrates the kind of growth I'm talking about. According to the study, Canadian exports to the U.S. increased in value by an average of 33 percent between 1988 and 1992 in sectors liberalized by the FTA. Significantly, the growth was mainly in high-wage, high value-added industries.

One of the main findings of the study is, and I quote: "The Canada-U.S. Free Trade Agreement (FTA) is placing Canada in a better competitive position in industries vital to the country's future economic growth."

The NAFTA will build on that success, contributing to the growth our economy needs to get deficits and debt under control. Through this agreement, exporters of goods and services will gain better access to the U.S. market, a stronger dispute settlement process, and an important opening to the expanding Mexican market, which has been protected for too long by high tariffs and other barriers.

The NAFTA and its side agreements will help create a level playing field across North America for Canadians. It will stimulate vast new opportunities in a continental market of 360 million people -- the world's largest market.

While most Mexican products -- about 80 percent -- already enter Canada duty-free, Canadian exports to Mexico face an array of tariffs and other obstacles. In pursuing the NAFTA, Canada wanted to correct this imbalance -- and we did.

Under the NAFTA, Mexican tariffs, licensing requirements and other barriers to the free trade of goods and services will be eliminated over time. This will give Canadian exporters guaranteed access to Mexico's market of 85 million consumers. As a result of the Agreement, Canada will have a chance to rebalance our trade with Mexico, especially in the automotive sector.

In addition, the NAFTA will create an enormous variety of opportunities for all Canadian exporters -- from our high-tech producers such as yourselves to our natural resource industries and everything in between. For example, by the year 2000, Mexico is expected to import 42 percent more telecommunications products. Its demand for imported information technology will likely increase by more than 30 percent in the next five years.

We don't claim the NAFTA will produce economic miracles. It will, over the long term, contribute to solid job-creating activity. But the NAFTA is only one component of our economic and trade strategy for Canada.

A successful conclusion to the Uruguay Round of the multilateral trade negotiations remains our number one priority. We have worked hard to advance Canadian interests and to achieve consensus. We remain hopeful that solid, trade-expanding agreements can be reached on improved market access and a new set of trade rules that could give a major impetus to growth worldwide.

On market access, we are looking at an overall one-third reduction in tariffs. Depending on how many zero tariffs we get, it could be closer to 40 percent. But even if we accomplish no more than a 30-percent reduction, world income would increase by at least US\$213 billion a year by the year 2002, according to a recent study by the OECD [Organization for Economic Co-operation and Development] and the World Bank. Canada's share of that new wealth would be some C\$2.5 billion.

But we expect to go beyond that. At the quadrilateral trade ministers' meeting in Tokyo in July, I helped get an interim agreement on total free trade in some areas. I expect more will follow, particularly in resource areas such as wood and paper, and in agricultural sectors such as oilseeds and vegetable oils.

A successful Uruguay Round would strengthen and improve the framework that governs world trade, expand our achievements in the FTA with our largest trading partner and further open markets around the world. Improved rules, clear definitions and better dispute settlement procedures would help us better protect and promote Canadian trade interests. And it will increase the confidence of exporters such as yourselves in freer and fairer trade.

The Government also intends to work as hard to seek trade opportunities beyond North America as we have worked within North America. The Asia-Pacific region has become an economic powerhouse of vital importance to Canada and the world.

The challenge we face is how to maintain and expand our economic, investment and trade links with the region, with Japan in particular, at a time of rapid global change. To meet that challenge, Prime Minister Campbell has said she will work toward the creation of an Asia-Pacific Economic Community at the summit of Asia-Pacific leaders in Seattle in November.

But trade agreements alone cannot create more trade or the jobs and prosperity that follow. It takes exporters to seize the market openings that trade agreements provide. Recently I had the pleasure of presenting this year's Canada Export Awards to 10 companies that exemplify the entrepreneurial spirit so vital to successful exporting. They represent the best Canada has to offer the world, from sophisticated telecommunications equipment to creative children's toys.

Many of you will be familiar with the outstanding achievements of one of our winners this year, Newbridge Networks Corporation of Kanata, Ontario.

This company has become a global leader in ATM -- asynchronous transfer mode -- an exciting technology that increases the capacity of telecommunications companies to move information in large quantities and at high speeds. I believe that through the efforts of companies such as Newbridge, Canada will maintain its stature as one of the world's most competitive exporting nations.

But you don't have to leave the Kitchener-Waterloo region to find successful exporters. Just look at the example of Mortice Kern Systems Inc. (MKS), which has established itself as an outstanding source of expertise in computer-systems standards. Last year MKS exported 97 percent of its software production.

There's also WATCOM International Corp. The company has used strategic alliances with industry leaders to develop an impressive array of software products, which it has sold worldwide.

In anticipation of new market opportunities worldwide, the Government has launched a series of trade initiatives to help more Canadian companies enter and broaden their participation in foreign markets.

As the market for about 77 percent of our exports, the U.S. continues to be a major priority. It is the critical market for the majority of our new exporters and specialized high-tech and services companies looking for partners. Our focus for this

market will include exporter education, niche marketing activities, leading-edge technology and the promotion of strategic alliances.

We have announced an exciting new program called Access North America to help Canadian firms capitalize on growing opportunities not only in the U.S. but in Mexico as well. This \$27-million initiative, undertaken in co-operation with the private sector, will provide Canadian firms with the tools and counselling they need to succeed in the North American marketplace.

We are also looking forward to CanadExpo '94 in Mexico City next March. With more than 400 Canadian firms on board, it promises to be Canada's biggest trade show ever in Mexico.

The Government is collaborating with the private sector in other constructive ways. For instance, in co-operation with the Canadian Chamber of Commerce and other organizations, we have developed a program to train Canadian business people in the language, culture and business practices of Mexico. Graduates then go on to the NEWMEX program. That stands for New Exporters to Mexico. It is a practical, jointly funded effort to introduce export-ready Canadians to the Mexican market.

But there is more to Latin America than just Mexico. That is why Prime Minister Campbell announced plans to establish a Blue Ribbon Commission on Latin America and the Caribbean. This independent commission will comprise leaders from the business, academic and labour sectors. Their task will be to report on how Canadian jobs and Canadian business can be secured throughout the Hemisphere.

Business and government are already working more closely to build strong trading relationships, not just in North America but in the dynamic economies of Asia as well. Just two days ago I attended the inaugural meeting of the Canada-Japan Industrial Co-operation Forum in Toronto. This forum will forge mutually beneficial partnerships between Canadian and Japanese firms in three areas of industrial co-operation: trade, investment and technology.

As our second-biggest export market, I don't need to remind you how important Japan is to Canada. Last year Canadian merchandise exports to Japan amounted to more than \$7.4 billion and could hit \$8.4 billion this year.

We also have a comprehensive Action Plan for Japan, developed in co-operation with business, the provinces and other government departments. We are concentrating on seven sectors, including information technology, auto parts and agri-food, to take advantage of Japan's increasing demand for value-added imports.

Our economic strength and our jobs depend on expanding trade in these sectors. We want to create good jobs requiring skilled workers and professionals to produce value-added products and services. That is the main objective of Canada's overall international business development plan. To reach it, we have stepped up our efforts in a number of areas, including market intelligence.

We know Canadian companies want and need better market information and intelligence for their strategic planning. Your participation here today is ample proof of that. You need well-analysed information and you need it quickly in order to position yourselves and to win contacts. I can tell you that the Government is committed to working closely with the Canadian business community to determine your needs in trade, investment and technology.

We want to concentrate the activities of our government representatives abroad on gathering focussed, sector-specific information that can be of real and timely use to business.

This is the aim of our trade strategy: to focus on the growth markets of tomorrow -- Latin America and Asia -- and to offer a co-operative, co-ordinated strategic partnership to you, the exporter.

You are here today because you recognize your industry's export potential. I am here because I believe we must work together. Together we can form a partnership that will contribute to Canada's economic future.

Thank you. Now I would be happy to take your questions.



Government
of Canada Gouvernement
du Canada

STATEMENT

No. 93/61

CHECK AGAINST DELIVERY



NOTES FOR AN ADDRESS
BY THE HONOURABLE ROY MacLAREN
MINISTER FOR INTERNATIONAL TRADE
TO THE
CANADA CHINA TRADE COUNCIL

VANCOUVER, British Columbia
November 13, 1993

Canada

Mr. Chairman, distinguished guests, ladies and gentleman.

It gives me a great deal of pleasure to be here today to address the annual meeting of the Canada China Trade Council. As a native Vancouverite and graduate of the University of British Columbia, I am also delighted to be back in what is one of the greatest cities in the world.

Vancouver is a city where the benefits of the connection to Asia are omnipresent. Too often, Canadians, like the little frog in the old Chinese saying, have "looked up at the sky from the bottom of a well." We tend only to see opportunity on our front doorstep. Until recently, only a few companies ventured beyond those traditional markets with which we are familiar. Many of you, who have broad experience in Pacific Rim affairs, will not be surprised in the least that Asia-Pacific, and China in particular, are finally moving from our peripheral field of vision into the focus of our future.

If there is one message I want to leave you with today, it is that the new Liberal government is well aware that the Pacific century is now. My party has always recognized the importance of Asia-Pacific. Indeed, it was a Liberal government under Pierre Trudeau that, in the late Sixties, took the bold decision to begin negotiations to establish diplomatic relations with China. This marked a key step in breaking the international isolation of China and welcoming it back into the community of nations. In recognizing the People's Republic of China, Canada was a leader, not a follower. Our government will continue in this forward-looking tradition when it comes to Asia-Pacific.

We shall vigorously pursue Canadian interests in the Asia-Pacific region. This is one of the reasons that the new Liberal government appointed a Secretary of State, Asia-Pacific, within the portfolio of the Ministry of Foreign Affairs. Raymond Chan, Member of Parliament for Richmond, is, I am sure, well known to many of you. I know that he will be a great asset to Canada's endeavours in the Pacific Rim.

I will be attaching a high priority to trade policy in Asia-Pacific. I look forward to the APEC [Asia Pacific Economic Co-operation] meeting next week in Seattle to pursue questions of tariff and non-tariff barriers with my counterparts from the Asia-Pacific region. The General Agreement on Tariffs and Trade will continue to serve as the cornerstone of the world's trade policy framework, but APEC can play an important role in meeting regional needs.

If Canada is to be a major beneficiary of the Pacific century -- economically, politically and socially -- we must be an active participant in this dynamic rapidly-growing region. For Canada to be successful in the Asia-Pacific region, we need to concentrate our efforts on two things. First, we must improve the competence and competitiveness of Canadian companies in these

complex markets. Second, we must increase our share of exports of high technology and value-added products.

It is also imperative that we encourage and assist small- and medium-sized businesses to look beyond the United States when they consider exporting abroad. I intend to take a close look at this issue early in our mandate. The objective will be to examine whether we have the right kinds of programs in place to help small- and medium-sized enterprises. I would appreciate the input of the Canada China Trade Council with respect to how we might encourage and assist more Canadian companies to penetrate the Chinese market.

Ladies and gentleman, you know that my government campaigned on the need to create jobs and restore the faith of Canadians in the economy. Those of you here today have already played an important role by being part of an export-led recovery. We all know that exports are our life line and lifeblood. About a quarter of Canadian jobs are directly related to exports. Each new billion dollars of exports generates between 10 000 and 15 000 jobs.

Nowhere are the prospects for expanded trade greater than in the countries of Asia-Pacific. They are growing fast. They represent a much greater trade potential than our traditional partners. If Canadian companies can compete in the Asia-Pacific region, they can compete anywhere in the world. Moreover, Canadian manufacturers and providers of services will acquire products and skills that they can carry into other markets.

I need not remind you that our transpacific trade has long been more important than our trade across the Atlantic -- indeed it is now almost 50 percent greater -- or that the Pacific Rim has become a vital source of new immigrants who have helped to build a stronger Canada. One need look no further than the vibrant city of Vancouver to appreciate the positive impact that Asia-Pacific has had. Indeed, the large number of immigrants from Asia-Pacific who now call the west coast of Canada their home are, I believe, one of Canada's strongest assets in tackling the export markets of Asia-Pacific. With family connections and a first-hand understanding of local languages and culture, these Canadians can play a unique bridging role.

Ladies and gentleman, even a very brief tour of what is happening in Asia-Pacific confirms that the Asia-Pacific region is an important key to Canada's economic future. By any measure, it has an enviable record of economic growth and dynamism. Korea, Taiwan, Hong Kong and Singapore, the original little dragons, continue to generate enviable, positive growth rates. Their remarkable success is now being replicated throughout southeast Asia, most notably by Thailand, Malaysia and Indonesia. With peace in Cambodia, Viet Nam is aggressively restructuring its

economy and taking advantage of the essential ingredients that helped to spark growth throughout the region: low wage rates, high education levels and a disciplined and motivated work force. Viet Nam is now tapping high levels of foreign investment.

And what of the region's economic behemoth, Japan? There is no question that Japan is suffering from a combination of recession and restructuring. Japan's unemployment is becoming more serious -- it might even hit 3 percent! As well, it is still running ever higher trade and capital surpluses. Japan may have momentarily stalled, but it is still the engine that drives economic growth in the Asia-Pacific. It will continue to be a major source of capital and investment for Canada and the rest of the world. As underlined in the report of the Canada-Japan Forum 2000, Japan's imports of manufactured and valued-added products are growing rapidly. Canada's Action Plan for Japan is designed to position Canadian companies to take advantage of these unique market opportunities. Japan remains the single most important destination for Canadian exports in the Asia-Pacific region, the third-largest source of direct foreign investment, the second-largest source of portfolio investment and the largest source of tourism revenue.

Then there is China, the country that is the focus of your attention here today. With GNP [gross national product] growth rates in the double-digit figures again this year, and in the south exceeding 20 percent, is it any wonder that the world is now beating a path to China's door? Contracted foreign investment for 1992 was close to US\$70 billion, of which approximately \$20 billion was utilized. Likewise, China is now a major trading power. Globally, it ranks 11th overall and is moving up fast.

The China market, once a chimera and a source of frustration and disappointment for many, has truly arrived. Although the market remains a major challenge to even the most fearless business-person, Canadian companies, such as the ones you represent here today, have seen this potential and acted upon it. Last year, two-way trade was \$4.6 billion, a new record. This made the People's Republic of China our fifth-largest trading partner. Figures for 1993 are slightly down, due to lower shipments of wheat. However, what is truly encouraging is the significant increase in the sale of manufactured goods and services in recent years, coupled with strong growth in two-way investment.

The rapid integration of China into the world economy has witnessed an even more dynamic symbiosis between the economies of the mainland, Taiwan and Hong Kong. Beyond them are the ethnic links and influence of the Chinese diaspora which, much to Canada's advantage, is well established on our shores. How many of our French, German or Japanese competitors can boast of the

in-house expertise on China that Canadian companies are so fortunate to have?

As your new Minister for International Trade, I am totally committed to putting myself and the significant human resources of my department at your disposal to penetrate the markets of Asia-Pacific in general and those of China especially.

Our Ambassador, Fred Bild, as well as my senior team in Ottawa and colleagues from Beijing, are here today to share experience and knowledge and to learn of your needs for the future. As a former foreign service officer, I myself can attest first-hand to the dedication, skill and experience of the men and women who serve abroad, seeking to expand our overseas trade. I am eager to resume the mantle of a Trade Commissioner and to get out to the region as often as possible, in support of your efforts. Certainly, the People's Republic of China will be high on my list of countries to visit, and, when I meet with the Chinese Minister of Foreign Trade and Economic Co-operation, Madame Wu, next week in Ottawa, I will indicate my desire to pay a return visit as soon as possible.

In reality, government can only do so much to promote exports to the Pacific. Companies and private-sector organizations, like the Canada China Trade Council, are the key to long-term success. When the Council was established in 1978, there was only a handful of Canadian firms competing in a limited market in China. Today, China is a market for a wide spectrum of goods and services, which encompass the entire range of Canadian capabilities. Canadian business needs the kind of specialized guidance and expertise, which membership in a bilateral trade council can offer. Along with today's opportunities, you face the challenge of refining your role, sharpening your tools and broadening your membership. The demand for support in the Chinese market has never been greater than today.

Ladies and gentleman, as a new minister, I pledge to serve the interests of Canadian exporters, but, at the end of the day, the public and private sectors will have to work co-operatively and pool their resources to achieve their common objectives. The markets of Asia-Pacific and that of China are full of promise and possibility, but I appreciate that they are not always easy to penetrate. It requires long-term commitment and perseverance. We have to develop a "Team Canada" approach, if we are going to enjoy success. Nowhere is this more evident than in a market like the People's Republic of China, where the competition is fierce and the field of play is not always a level one.

Our country has world-class expertise in so many of the areas where China and the countries of Asia-Pacific have tremendous needs -- be it in telecommunications, oil and gas, electrical energy, transportation, mining, medical, environmental or other

sectors. We want to help to provide you with the tools to do the job. Indeed, I welcome your input as to whether you think the current tools are sufficient for the task.

Ladies and gentlemen, one of the reasons I am out on the west coast is because next week I shall be with the Prime Minister in Seattle to attend the Asia-Pacific Economic Co-operation meeting. As I noted at the beginning of my speech, Canada must be an active participant in the Asia-Pacific region, not only on a bilateral basis but on a multilateral basis as well.

We intend to play a prominent role in APEC, which we see as the most important multilateral forum now being forged in the region. Overall, Canada wants to see APEC develop as an institution so that it can help build a stable framework for regional economic co-operation, liberalized trade and investment flows, and growth.

We see the work of APEC as promoting free trade to the greatest extent possible through multilateral liberalization, first and foremost through a successful outcome to the Uruguay Round. It is also a forum that allows us the opportunity to deliver our key messages on trade and economic policy issues and to develop a better understanding of the economic issues and outlook in the region and their implications for Canada.

Ladies and gentleman, Canada needs more companies like yours, working in the front lines to promote trade and sell Canadian goods overseas. As the new Minister for International Trade, I want to repeat my desire and readiness to work with you to that end. Again, I encourage you to use our personnel and services, and I look forward to meeting with many of you on an individual basis as the year progresses.

At auspicious occasions, the Chinese have a saying: "gong shee fa tsai." Loosely translated, I understand that this means "Congratulations, and make lots of money." I cannot think of a more appropriate way to conclude a speech to the members of the Canada China Trade Council. So, I wish you the best in your annual meeting and your endeavours in China. Thank you for inviting me and "gong shee fa tsai."



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NOTES FOR AN ADDRESS
BY THE HONOURABLE ROY MACLAREN
MINISTER FOR INTERNATIONAL TRADE
TO THE
VANCOUVER BOARD OF TRADE

VANCOUVER, British Columbia
November 16, 1993

Canada

Ladies and Gentlemen:

As your new Minister for International Trade, I am very pleased to meet today with the Vancouver Board of Trade. It is perhaps fitting that my first two weeks as Minister are heavily focussed on activities on the Pacific coast. These events, here in Vancouver and in Seattle later this week, provide a ready-made opportunity for me to let you know where the Liberal government stands on trade, particularly in the Asia-Pacific region. I also look forward to hearing your views on what we should be doing to help you succeed.

I am a former Vancouverite. I do not view Vancouver as the final destination of the railway line. On the contrary, I recognize it as Canada's departure point for the Pacific, and Pacific markets are vital to this country's economic prospects.

I will travel on from Vancouver to Seattle tomorrow morning to participate in the fifth Ministerial Meeting of APEC -- the Asia Pacific Economic Cooperation Forum -- which brings together ministers from 15 of the most dynamic of the world's economies.

This year, for the first time ever, the leaders of these countries will gather in conjunction with their ministers. This will be quite an event. I am told that APEC already appears in lights at the top of the Seattle space needle, and over 2000 journalists are descending on the city. Seattle clearly recognizes the significance of the meeting. We know that you in Vancouver are fully aware of the region's importance. Let us hope that Canadians across the country are also paying attention. Even *The Globe and Mail* has taken note of what is about to happen in Seattle, and thoughtfully gave me my instructions in Saturday's lead editorial -- this from a newspaper that closed its Tokyo office a couple of years ago. In a few moments, I will get back to APEC, and how it fits into our plan to strengthen the Canadian profile and presence in the dynamic Asian markets.

The Liberal government was elected on the strength of a forward-looking and balanced economic platform. Our "red book" clearly links economic and trade policy with job creation in Canada. Specifically, it looks outward to opportunities beyond this continent, setting sights on the Asia-Pacific region. My party has traditionally recognized the importance of the region. Indeed, it was a Liberal government that, in the late 1960s, took the bold decision to begin negotiations to establish diplomatic relations with China. This marked a key step in breaking the isolation of China and bringing it into the community of nations. In recognizing the PRC [People's Republic of China], Canada was a transpacific leader, not a follower.

My government will continue this forward-looking tradition when it comes to Asia-Pacific. It is in this spirit that we will be vigorously pursuing Canadian interests throughout this rich and vibrant region. I firmly believe that if Canada is to be a major

beneficiary -- economically, politically and socially -- of the Pacific century, we must be an active Pacific player.

In recognizing that the highest priority of the government is to create jobs, to get the Canadian economy moving again, exports will be a key element in creating many of those jobs. And we also recognize that along with those jobs must come flows of the technology, the capital and the management skills that increasingly characterize today's world economy.

Nowhere in the world is business more dynamic than in the Asia-Pacific region. Most of you in this room know all the facts and figures. Asia-Pacific will be a key element in broadening our focus aggressively in areas beyond North America. We salute the focus that you as British Columbian firms already have on the region, and we intend to build on this base working together with you.

While we are still new in office and we have undoubtedly much to refine in fully developing our Asia-Pacific trade strategy, I can see four key building blocks.

First, we must recognize that the Asia-Pacific region challenges us to be more competitive and to be better prepared to meet our own national agenda. Our Pacific partners are setting new global standards in education, in worker training, and in levels of quality and productivity. These are all directly relevant both for our trading strategy and for creating durable opportunity at home.

Second, co-operation with the private sector and with other players, including the provinces, is key. You in this room are the real experts on Asia-Pacific business. I encourage you to communicate directly with us on your ideas regarding initiatives that we could undertake to enhance Canadian commercial prospects throughout the Asia-Pacific region.

Third, on the trade policy front, we must do everything we can to improve global trade rules. This will mean completing the Uruguay Round, getting a multilateral trade organization up and running, and continuing to pursue our rules-based agenda at the broadest international level.

The final building block will be to complement our multilateral efforts with regional efforts. Improved co-operation and dialogue with other Asia-Pacific governments are required to ensure that rules, rather than the unilateral projection of power or pressure policies, will rule in the Pacific trading relationship. While most of these rules will and should be multilateral, some may need to be regional, and indeed bilateral.

APEC is the key institution in which to pursue this regional dialogue. In all the "alphabet soup" that I have had to make my way through since becoming Minister for International Trade about

two weeks ago -- GATT, NAFTA, NTBs, VER, TRIMs, TRIP¹ -- nothing strikes me as more fresh and exciting than the APEC label.

Members of the Asia Pacific Economic Cooperation Forum comprise Canada and the United States on this side of the Pacific, and on the other side, Japan, Korea, China, Taiwan, the ASEAN [Association of Southeast Asian Nations] countries (such as Singapore), and Australia and New Zealand. The organization is very young -- four years old, in fact. It started on the basis of contacts over the years that you in the private sector had developed as you traded and invested across the Pacific. In doing so, you established networks and built up institutions, such as PBEC [Pacific Basin Economic Council] and PECC [Pacific Economic Cooperation Conference]. Our academics did so too, including representatives, such as Bill Saywell, of universities and colleges here in British Columbia.

Governments, however, were somewhat less active, for all sorts of reasons -- distance, culture, language, levels of economic development. By the late 1980s, interest had grown. Ministers from 12 Asia-Pacific countries formed the only intergovernmental institution in this region; APEC now has 15 members. APEC foreign and trade ministers meet annually to review economic trends in the region, and discuss what can be done to facilitate and open up trade in the region.

This year's ministerial meeting is pivotal for many reasons (not only because Canada will be represented by a Liberal government!). The annual meeting is being held for the first time in North America, and this will generate far greater Canadian press interest in APEC and the region than we have seen before. This is particularly the case because President [Bill] Clinton is hosting an informal meeting of APEC leaders to follow the ministerial session. Prime Minister [Jean] Chrétien and most of his regional counterparts will be there.

Trade will be at the top of the Seattle agenda. It will come as no surprise to you that ministers will focus on the major trade issues of the day: the NAFTA and the GATT. Imminent developments in both agreements hold major implications for APEC members.

The meeting will also address a visionary, forward-looking report on the future of the Asia-Pacific region, prepared over the past year by a group of so-called "eminent persons" -- an independent group of prominent business, academic and former government leaders from throughout the APEC region. The Canadian in this group is certainly an eminent person with extensive experience

¹ The General Agreement on Tariffs and Trade, the North American Free Trade Agreement, Non-Tariff Barriers, Voluntary Export Restraint, Trade-Related Investment Measures, Trade-Related Intellectual Property.

and success in doing business in Asia: Mr. John MacDonald, from here in Vancouver.

The Eminent Persons Group will be proposing to us that we endorse the objective of achieving free trade in the Pacific. They will be suggesting that, while this may not be achievable immediately, it should be at a foreseeable time in the future. They will also be recommending to us that we negotiate an APEC-wide investment code, agreements on mutual recognition of product standards, a process of APEC-wide macroeconomic policy co-ordination, and even, without explaining how it might work, a process for dispute settlement.

Many of the ideas proposed by the eminent persons undoubtedly will be viewed as too much for the fragile APEC process to handle at the moment. Some may not even be the best way of addressing our pressing trade interests in the short term. But the direction is right. Free trade in the Pacific is a worthy and, I hope, achievable goal. And I go to Seattle with the intent of endorsing this as our long-term objective.

I am not saying, however, that this is **only** a regional process. We must recognize that the best way of achieving freer trade in Asia-Pacific is to get our global floor of multilateral trade rules up as high as we can. Once this is achieved, we will be in a position to consider what specific arrangements in the Pacific community might best address the particular needs and challenges of this most dynamic of regions.

We must also be realistic. Even if we get, as I hope we will, a substantial result in the Uruguay Round, it will take time and a great deal of effort to build on the multilateral foundation and to achieve significant new arrangements in the Pacific. We have, among the APEC economies, vastly differing levels of development and highly complex issues embodied in the frictions among the many Asian and North American systems at play. We see this complexity in the current Japan-U.S. "framework negotiations" and in our own efforts to bring down tariff and non-tariff barriers in Asian markets of importance to Canada. None of these issues is easy to address, but freer, rule-based trade is the direction that we must endorse.

In Seattle, we will also be sitting down and working out practical, sensible programs of trade facilitation measures, such as harmonization of customs procedures, and projects that enhance the transparency of APEC members' trade and investment regimes. These activities might sound boring to the outside observer, but they are relevant to you as traders and investors in the Pacific world. In short, I would expect that what we are about to do in Seattle this week will be more about little steps than big leaps. But they will still be steps on the path toward freer, more transparent, more rule-based Pacific trade. I am convinced that this is a path worth embarking on and I pledge to you this government's support in ensuring that your interests are first and foremost in our minds as we take these early steps.

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OPENING STATEMENT BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
AT NEWS CONFERENCE

GENEVA, Switzerland
December 7, 1993



Ladies and gentlemen, good afternoon:

I'd like to begin by re-emphasizing the importance that the Government of Canada attaches to the successful conclusion of the Uruguay Round; our support for the efforts, past, present and future, deployed by the Director-General, Peter Sutherland, in support of that objective; and our conviction that whatever disagreements remain outstanding among the Contracting Parties, we will succeed in the end because we must succeed. The world needs this Round, and so does Canada.

As is natural in the final stages of any important negotiation, and there are few more important than this one, recent attention has focussed on remaining differences, but I would like to take this opportunity to recall how much has already been accomplished, and what Canada stands to gain from a successful conclusion.

While the old cliché still holds that nothing is agreed until everything is agreed, it is clear that the Canadian exporter and worker can look forward to new sales and new markets abroad, meaning new jobs at home, at a time when the Canadian economic recovery is already export-led. For the same reason, the Canadian consumer is poised to benefit significantly from the reduction of tariffs and other barriers projected for the final outcome.

The outcome should start to put an end to the destructive grain-subsidy wars that have proved so costly to Canadian farmers and taxpayers. Canadian farmers would have improved access to markets abroad, and country-specific non-tariff barriers, like those used by the United States and the EC [European Community] to limit Canadian agricultural exports, will now be covered by a commonly agreed GATT [General Agreement on Tariffs and Trade] rule.

We will continue to work to ensure that a GATT deal also benefits farm producers operating under farm supply management programs in Canada, by providing a more secure and predictable trade environment.

A successful Round would be of substantial benefit to our red meat producers. Canadian beef and pork producers should achieve improved access, especially to Asian markets.

Substantial tariff reductions would help our forest products industries; agreement to harmonize tariffs at low rates should lead to new export opportunities for our chemical and pharmaceutical producers, and lower tariffs will help our nickel, copper and zinc producers.

For the first time, the GATT will include trade in services, which now comprises two thirds of the Canadian economy. The new Agreement will cover such important sectors as telecommunications, engineering, banking, insurance and other financial services.

A common definition of subsidies and improved dispute settlement rules will add valuable predictability to the world trading system.

The reality behind all this technical jargon is important new export opportunities for Canadian business, and jobs for the men and women they employ.

It is for this reason that Canada has put its money where its mouth is in these negotiations, leading the way with a forward-looking market access offer, and supporting the ground-breaking efforts to expand the GATT's role in the new areas of services, intellectual property and agriculture.

My presence in Geneva this week is evidence of Canada's commitment in that regard. Since my arrival on Sunday, there has been both good news and some not-so-good news, but I am confident that my QUAD partners Sir Leon Brittan and Ambassador [Mickey] Kantor, as well as the rest of us, will overcome our final difficulties. Canada fully supports Peter Sutherland's appeal today to both the EC and the United States to resolve the remaining differences in the negotiations. For our part, we stand ready to assist the Director-General in any way we can.



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NOTES FOR AN ADDRESS
BY THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE QUEBEC-UKRAINE BUSINESS COUNCIL



MONTREAL, Quebec
December 17, 1993

Canada

I am pleased to have this opportunity to tell you personally just how important Ukraine is in the view of Canada's new government.

The Executive Development course that brings us together speaks of trust, friendship, and a willingness to learn from each other, attributes that were unimaginable only a few short years ago.

Our host, the Quebec-Ukraine Business Council, represents the breadth and potential of our contacts. Our relationship is much more than Ottawa-Kiev. It draws on the entrepreneurial spirit of each and every citizen. The thousands of people-to-people connections that link our two countries today helped Canadians understand, sooner than most, the significance of your declaration of independence August 24, 1991.

We can be proud of the fact that Canada was the first Western country to recognize Ukraine. However, we must also be ready to admit that more must be done to build the special relationship that we all want.

We want a real partnership, with stronger ties in every sphere: political, economic, social and trade. This was what I told Foreign Minister Zlenko during our recent conversations in Rome.

Government can take the initiative in this partnership by setting out the framework. We are ready to negotiate and sign an umbrella treaty, affirming our common values and covering the whole range of our political relations with Ukraine.

We share a respect for diverse cultures. With intolerance and ethnic cleansing being the main threats to peace and stability, Ukraine's generous national minority policies help to make Europe a safer place and are a model for other states.

Our troops are serving together as UN peacekeepers in former Yugoslavia. We both have sustained casualties in this terrible conflict. This is a new mission for Ukraine's army. Canada's armed forces are the world's most experienced peacekeepers and could provide valuable training as part of the program of military exchanges that we will soon be launching.

Ukraine is key to stability in Eastern Europe and a major regional player in its own right, alongside such neighbours as Poland, Turkey and Russia.

Canada recognizes that Ukraine has real security interests that should be respected and valid concerns that must be addressed. Last Sunday's elections in Russia add to these worries. Security in Eastern and Central Europe requires co-operation, not renewed confrontation. We have joined Ukraine in expressing the hope that President Yeltsin will maintain Russia's commitment to reform and good relations with neighbours and the West.

We will watch developments closely and work in the CSCE [Conference on Security and Co-operation in Europe] and the North Atlantic Co-operation Council to promote stability.

I must be very frank and tell you that Canada disagrees strongly with those Ukrainian parliamentarians who ratified the START 1 [Strategic Arms Reduction Talks] treaty only conditionally. We welcome President Kravchuk's assurances that he will re-submit the START 1/NPT [Non-Proliferation Treaty] package for unconditional ratification right after Ukraine's March parliamentary elections.

As a non-nuclear weapons state, Canada is limited in the assistance that it can provide for actual dismantlement of missiles and warheads. We do have expertise, however, that could help Ukraine cope with the safety and environmental consequences of its Soviet nuclear inheritance.

Ukraine's security has become a global concern. I discussed the issues with Mr. Zlenko and Mr. Kozyrev in Rome earlier this month and came away convinced that Canada could help. As a G-7 [Group of Seven (leading industrialized nations)] and NATO [North Atlantic Treaty Organization] member and one of Russia's privileged dialogue partners, Canada is well-placed to play the role of facilitator. This is something in which I am personally interested. I plan to visit Moscow and Kiev in 1994 in order to help get things started and to find some concrete solutions.

The bedrock of any country's stability is ultimately its economy. It is critical that we in the West turn our attention to integrating an industrial state of 53 million into the world economy and multilateral system.

Next year's G-7 Summit in Italy should have Ukraine as a focus. To prepare the way, Canada will encourage the opening of a high-level G-7 dialogue with Kiev.

The Soviet Union left Ukraine a disastrous economic legacy: the Chernobyl tragedy, big wasteful factories producing things nobody wants and inefficient collective farms. These are formidable challenges. With the right mix of policies and assistance, however, they can be met.

With the difficult economic situation that Ukraine is facing this winter, some in government have been tempted to try and buy time by retreating into past certainties and centralized state control. Yet, the experience of all other economies in transition tells us that there is no way back.

Without political and economic change, Ukraine's rich, natural and human resources risk being wasted in a futile effort to preserve outdated enterprises and institutions that no longer respond to the needs of a changing society.

Serious economic reform is needed before international financial institutions can disburse the money that they have set aside for Ukraine, thereby encouraging foreign investors to take an interest in the resources and highly qualified workers of the Ukraine.

I know that the participants in this course and many other reform-minded Ukrainians are doing all that they can to move their country toward democracy and a market economy. We want to support those efforts.

We are anxious to have Ukraine become a faithful trading partner. Thus, we are offering General Preferential Tariff treatment and providing advice and hands-on development assistance through the Trade Facilitation Office.

Total trade stands at over \$40 million dollars so far this year. We want to see that grow. The first-ever Canada-Ukraine Trade Agreement is almost complete, and we will be following that up with an economic co-operation agreement.

My Department's Renaissance Eastern Europe program has financed 25 feasibility studies for Canadian-Ukrainian joint ventures. We need to get these private-sector ventures off the ground. I am interested in the idea of a government-industry partnership to invest in jobs and growth in both countries, and I welcome your input.

We want to expand Canada's \$30 million technical-assistance program, which has already generated more than 50 projects. Our support for the Institute for Public Administration and Local Government is helping Ukraine to build the institutions that modern independent states need.

Other Canadian projects include: improving health care, providing the tools for agricultural reform, planning the clean-up of a major river in your country and encouraging private-sector development.

There are many ways that Canadians, and particularly those of you here today, can work with government to help Ukraine. I encourage you to explore initiatives, like our Partners in Progress program or Canadian Executive Services Organization.

The first half of 1994 will decide Ukraine's future. We are ready to send observers for next spring's elections and are preparing to do much more for democratic development.

Ukraine's electoral commission will soon be receiving our offer of training, assistance in voter education and advice on media coverage.

We now have the tools for managing our growing relationship: Canada's Embassy in Kiev is up to full strength, operating from its renovated chancery and supported by a Canadian Co-operation Office to assist with technical assistance projects.

The Ukrainian Embassy is well-established in Ottawa. We were honoured to have as first Ambassador, the distinguished human rights activist Levko Lukianenko. Today, I can tell you that we have given agreement to his successor, Mr. Victor Batiouk, currently Ukraine's Ambassador to the UN.

Recognizing the importance of the Ukrainian-Canadian community to developing our relations with Ukraine, I have asked my Department to hold special consultations as soon as possible.

Today I outlined what we are doing, bilaterally and with our Western partners. You know now how this government wants the Canada-Ukraine relationship to develop. We cannot do it on our own. Reform is ultimately up to Ukraine and its people. Canada has a unique advantage in helping to make that happen -- your energy, experience, commitment and ideas.

I wish you all every success.



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NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO LA SOCIÉTÉ DE DÉVELOPPEMENT INTERNATIONAL DESJARDINS



MONTREAL, Quebec
December 20, 1993

Canada

It is a pleasure to be here in Montreal to announce the launch of the Agricultural Credit Unions Project in Russia, which will be undertaken by the Société de développement international Desjardins. This project represents a significant share of the Canadian assistance program in the Russian Federation.

The success of economic and political reform in Russia is a critical element for global security. Russia's transition to democracy and a market economy is seen as an essential prerequisite for international security, the spread of democratic values and the prosperity of the world economy.

Reform in Russia, however, is not and will not be easy. Indeed, we see political forces that want to slow down the course of reform. Nevertheless, last week's elections mark a historic milepost in the reform process: the Russian people elected their first multiparty parliament and approved a new Constitution.

Canada can play a leading role in supporting political and economic reform in Russia. Our five-year, \$150-million program of technical assistance will focus on transferring skills and knowledge to Russia in priority sectors to assure the success of political and economic reform -- sectors where Canada has an expertise and shares common experience with Russia. The program is based on partnership: that is, the Canadian government will work with private-sector partners such as the Société de développement international Desjardins as well as provincial governments, ethnic communities and professional associations to undertake appropriate projects with our Russian counterparts.

Reform of the agricultural sector is the basis for the whole reform effort in Russia. We know that hungry people are not interested in reform, and that Russian agriculture is emerging from several decades of state control and centralized decision making. The cornerstone of agricultural reform that deserves our support, therefore, has to be the growth of private farms and the emergence of private farmers.

The \$2.5-million Agricultural Credit Unions Project we are launching today aims to enhance reform in the agricultural sector through the introduction of credit unions in rural regions of Russia. The project will set up 20 credit unions over the next five years. By helping to create an appropriate policy framework in this way, we will encourage the development of hundreds more credit unions in the coming years. We hope that the availability of credit will allow farmers to start their own enterprises. This financial freedom should be one of the pillars for the creation of private farms.

The Société de développement international Desjardins [SDID], I believe, is the perfect Canadian partner to share the Canadian experience with its Russian counterparts.

The history of Mouvement Desjardins demonstrates the significant role played so ably by credit unions in the development of the agriculture sector in Canada. Indeed, the SDID has fostered the development of credit unions in Quebec and other regions of Canada since the start of the 20th century. As a result, credit unions in Quebec and elsewhere in Canada currently make up a significant segment of the Canadian financial institutions market.

Since the late 1980s, the SDID has been active in promoting credit unions and savings co-operatives in many of the countries currently in transition in Central and Eastern Europe. In partnership with my Department, SDID experts are assisting Hungary in the restructuring of its national savings co-operatives. In Lithuania, through the SDID, two Canadian specialists in law and banking are assisting the Bank of Lithuania with the preparation of draft credit union legislation. In Poland, the SDID has completed a study to assess the options for the establishment of credit unions and savings co-operatives.

The philosophy of the SDID -- that credit unions promote true empowerment of their members -- has a special resonance in Central and Eastern Europe and the former Soviet Union. Credit unions provide a genuine apprenticeship in democracy. By participating in the management of credit unions, ordinary citizens can contribute toward the development of their community, their region and their country.

Let me conclude with my congratulations and best wishes to the SDID in undertaking this very important project.

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